City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, November 07, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez, Jake McGoldrick.

MEETING CONVENED

The meeting convened at 10:12 a.m.

011883 **[Prop J Contract, Pacific Park Management, Inc.]**

Resolution approving: (1) The Controller's certification that Employee Parking Management Services for San Francisco International Airport can practically be performed by private contractor at a lower cost than if work were performed by city employees at budgeted levels, and (2) The contract between Pacific Park Management, Inc., and the City and County of San Francisco, acting by and through its Airport Commission, to provide said services. (Airport Commission)

(Fiscal impact.)

10/16/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011884 **[Airport Operating Agreement]**

Resolution approving the Airport Public Facilities Operating Agreement between Ampco System Parking and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

(Fiscal impact.)

(Supervisor Peskin dissenting in Committee)

10/16/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011374 **[City Budget Review]**

Supervisor Leno

Hearing to review possible improvements to the process by which the Board of Supervisors annually reviews the City budget.

7/23/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011764 **[City's Budget Process]**

Supervisor Peskin

Hearing to address the City's current budget process. This hearing will explore (1) how citizen participation in this budget can be expanded; (2) how consideration of the City's annual budgets can occur through an increasingly policy-centered dialogue; (2) how to better educate the local populace on the budget process and incorporate public feedback from individuals and local community groups in budget-oriented decision making.

10/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011800 [Reviewing Annual Budget]

Supervisor McGoldrick

Resolution setting priorities and amending processes of the Board of Supervisors in reviewing the annual budget of City departments submitted by the Mayor.

10/9/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

Amended on page 2 by deleting lines 17 through 20. Further amended on page 5 by deleting lines 1 through 3, lines 9 through 15, and the words "and, be it" on line 8.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011836 [Public Comment on Mayor's Proposed Annual Budget]

Supervisor McGoldrick

Motion changing Rule of the Board of Supervisors to provide for review and comment by the public of the Mayor's proposed annual budget prior to action by the Board of Supervisors on items within the budget.

10/9/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011838 **[City Department Budgets]**

Supervisor McGoldrick

Motion establishing process for review of City Department Budgets by various Committees of Board of Supervisors.

10/9/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011839 **[Office of Legislative Analyst]**

Supervisor McGoldrick

Motion setting priority on budget policy analysis for Office of Legislative Analyst.

10/9/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011848 [New Deadline for Submission of Budget to Board of Supervisors]

Supervisors McGoldrick, Daly

Ordinance amending Administrative Code Sections 3.3 and 3.4 to require the Mayor to submit the proposed budget to the Board of Supervisors by April 30 for the 2002-2003 budget, and by February 28 of each year for subsequent budgets, and revising the deadlines for City departments to submit budgets to the Controller, and for the Controller to submit the consolidated budget to the Mayor, in order to reflect the new deadlines for submission to the Board of Supervisors.

10/15/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.

Continued to November 14, 2001.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, McGoldrick
Absent: 1 - Gonzalez

011986 [Anticipated Shortfall in 2001 Tax Revenue]

Supervisor Leno

Hearing on the Mayor's plans to address the anticipated shortfall in current year tax revenues.

10/29/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ben Rosenfield, Mayor's Budget Office; Julie Brenaman, Department of Human Services; Theodore Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst; Andrea Gourdine, Director, Department of Human Resources; Jason Negrone, POWER; John Bardis.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Leno, McGoldrick
Absent: 2 - Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 4:06 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 1, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: November 7, 2001 Finance Committee Meeting

Item 1 – File 01-1883

Department: Airport

Item: Resolution (a) approving Controller's certification that employee parking management services for the San Francisco International Airport can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 2001 than if the work were performed by City and County employees, and (b) approving an operating agreement (contract) between Pacific Park Management Inc., and the City and County of San Francisco, acting by and through its Airport Commission, to provide parking management services at the Airport.

EMPLOYEE PARKING MANAGEMENT SERVICES
PROPOSITION J APPROVAL

Services to be Performed: Employee parking management services

Description: Charter Section 10.104 provides that the City may contract with private firms for services, if the Controller certifies, and the Board of Supervisors concurs, that such

services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for employee parking management services at the Airport for FY 2001-2002 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$2,559,193	$3,027,553
Fringe Benefits	736,755	810,381
Total	$3,295,948	$3,837,934
Contractual Services Costs[1]	2,285,058	2,511,841
Estimated Savings	$ 1,010,890	$1,326,093

Comments:

1. Employee parking management services at the Airport include management of parking operations for Airport, airline and concession employees, security guard services and janitorial services, according to Ms. Vicki Sundstrom of the Airport.

2. The subject management services were first certified as contractual services as required under Proposition J (Charter Section 10.104) in 1971, and have been continuously provided by an outside contract since then.

3. Ms. Sundstrom advises that ABC Parking Inc./THOR provided employee parking management services to the Airport from September 1, 1999 through August 31, 2001. The Airport had a one-year contract with ABC Parking Inc./THOR from September 1, 1999 through August 31, 2000 with four one-year extensions. According to Ms. Sundstrom, the Airport exercised one of the four one-year contract extensions with ABC Parking Inc./THOR from

[1] Contractual Services Costs include contract monitoring by the Airport. When calculating salaries at the highest salary step, such costs increase by $4,031 annually. Contractual Services Costs also include a high and low estimate of the management fee, including a profit and overhead portion. When calculating at the highest salary step, such contract cost increase by $222,752, for a total Contractual Services cost increase of $226,783.

September 1, 2000 through August 31, 2001. Since August 31, 2001, Ampco System Parking (Ampco) has provided temporary interim employee parking management services under Ampco's contract with the Airport to provide other parking management services including public and employee parking services. Ampco's contract to provide such parking management services was temporarily expanded to include the employee parking management services previously handled by ABC Parking Inc./THOR pending Board of Supervisors approval of the subject proposed new contract for employee parking management services which is estimated to begin on January 3, 2002.

4. Attachment I to this report, provided by the Airport, is the Controller's supplemental questionnaire with the Department's responses. Ms. Sundstrom advises that Attachment I incorrectly shows that the contract period is November 1, 2001 through September 30, 2001. The correct contract period is January 3, 2002 through January 2, 2003.

EMPLOYEE PARKING MANAGEMENT SERVICES OPERATING AGREEMENT

Purpose of Operating Agreement: To provide for the operation and maintenance, including security guard and janitorial services, of the following four parking facilities at the Airport:

(1) Lot DD Garage with approximately 3,212 parking spaces for Airport, airline and concession employees;
(2) Lot DD Surface Lot with 1,600 parking spaces for Airport, airline and concession employees;
(3) West Field Garage with 1,722 parking spaces for Airport, airline and concession employees; and
(4) Lot CC Surface Lot with 300 parking spaces for Airport, airline and concession employees.

The proposed operating agreement would cover a total of 6,834 parking spaces for Airport, airline and concession employees.

Description: The proposed resolution would award a parking operating agreement, including security guard and janitorial

services, for the Lot DD Garage, the Lot DD Surface Lot, the West Field Garage and the Lot CC Surface Lot to Pacific Park Management.

Amount Payable by Airport to Pacific Park Management:

Not to exceed $2,808,336.64[2] during the first year of the proposed operating agreement from January 3, 2002 through January 2, 2003. Attachment II, provided by the Airport, provides budget details for the estimated cost of $2,808,336.64 for the proposed operating agreement. Attachment III, provided by the Airport, provides budget details for the estimated management fee in the amount of $271,772 or 9.7 percent of the total estimated operating agreement costs of $2,808,336.64.

In her October 29, 2001 memorandum to the Budget Analyst (Attachment IV) Ms. Sundstrom explains that the Airport is unable at this time to estimate the cost of the proposed operating agreement beyond the first year (the operating agreement includes 4-one year options to extend this agreement) "due to the current climate caused by the events of September 11, 2001."

According to the terms of the proposed operating agreement, the Airport Commission would be required to approve the Annual Cost Proposal prepared and submitted by Pacific Park Management to the Airport during the term of this agreement. This Annual Cost Proposal would include the management fee and estimated direct costs of operating the employee parking facilities. According to Ms. Sundstrom, the Annual Cost Proposal, and thus the contractual services costs for future years, could vary depending on the level of services required by the Airport. However, according to the terms of the proposed operating agreement, Pacific Park Management cannot incur any expenses for such parking operations unless and until the Airport Commission

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[2] The Controller's certification cost of $2,511,841 does not included operating costs totaling $293,473 that are estimated to cost the same for the City or a private contractor. When adding these operating costs of $293,473 to the Controller's cost estimate of $2,511,841, the Controller's estimated cost would become $2,805,314. The Controller's estimate was based on information available in August of 2001, prior to the negotiation of the new proposed operating agreement, which is estimated to cost $2,808,337.

approves such expenses, which would occur on an annual basis (see Comment No. 4).

In accordance with Section 6.3 of the proposed operating agreement, the management fee, which is estimated at $271,772 for the first year of the proposed operating agreement, would increase by the percentage increase in the Consumer Price Index for the San Francisco Metropolitan Area provided that the management fee cannot increase by more than four percent per year.

Term of Operating Agreement: January 3, 2002 through January 2, 2003 (one year). The term of the proposed operating agreement could be extended annually for four additional years on approval by the Airport Commission. Upon the expiration of the fourth one-year extension, the operating agreement may be further extended on a month-to-month basis. According to Section 3.2 of the proposed operating agreement, *"Upon expiration of this Agreement, with the consent of the operator* [Pacific Park Management], *Director* [of the Airport] *may direct Operator to continue performance of the Services on a month-to-month basis, on the same terms and conditions of this Agreement, until such time as City has engaged another Operator."*

The Budget Analyst notes that in accordance with the terms of the proposed operating agreement, the agreement could be extended indefinitely on a month-to-month basis without obtaining approval of the Board of Supervisors. Therefore, the Budget Analyst recommends that the proposed operating agreement be amended to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

Comments:

1. On July 27, 2001, the Airport Commission issued a Request for Qualifications (RFQ) for the subject management of the parking facilities operating agreement including the related security guard and janitorial services. Although seven parking operators attended the informational conference held on August 15, 2001, only one firm, Pacific Park Management, submitted a

Qualification Package to the Airport. In a memorandum to the Budget Analyst from Ms. Cathy Widener of the Airport (Attachment V). Ms. Widener states "This may have occurred because the Minimum Qualifications for the contract are difficult for most Small Business Enterprise companies to meet." As stated by Ms. Sundstrom in Attachment IV, "A three-member panel reviewed the submission and determined that the minimum qualification requirements, as set forth by the RFQ, were met...Since all the necessary requirements set forth in the RFQ were met, the Airport recommended the award of the contract to Pacific Park Management Inc." Attachment V, provided by the Airport, lists the newspapers and media agencies where the Airport advertised this RFQ.

2. According to Ms. Sundstrom, the Airport issues parking permits to Airport, airline and concession employees who want to park in one of the four employee parking facilities, including Lot DD Garage, the Lot DD Surface Lot, the West Field Garage and the Lot CC Surface Lot. The Airport issues parking permits to airline and concession employees through their employers. Airport employees and employees of the parking facility operator do not pay to park in the Airports' employee parking facilities. Ms. Sundstrom reports that in calendar year (CY) 2000, the Airport generated $4,836,911 in revenues from issuing employee parking permits to airline and concession employees. During the first three-quarters of CY 2001, or January 1, 2001 through September 30, 2001, the Airport generated $4,335,164 in revenues from issuing employee parking permits to airline and concession employees.

3. Ms. Sundstrom reports that, in Fiscal Year (FY) 2000-2001, the Airport paid $2,273,814 to ABC Parking Inc./THOR, including a management fee of $256,804.56 or 11.3 percent of total operating agreement costs. The proposed estimated management fee of $271,772 payable to Pacific Park Management is $14,967 or 5.8 percent more than the previous management fee. The previous management fee was based on 11.3 percent of the total operating agreement costs as compared to the proposed management fee which is based on 9.7 percent of the total

estimated operating costs. The total estimated payment to Pacific Park Management of $2,808,337 is $534,523 or 23.5 percent more than the payment to ABC Parking Inc./THOR in FY 2000-2001. According to Ms. Sundstrom, the payment for FY 2000-2001 for employee parking management services under the previous contract with ABC Parking, Inc./THOR included one full year of operation of the Lot DD Garage and West Field Garage, but only three months of operation of the Lot DD Surface Lot, which began operating as an employee parking lot in April of 2001. The proposed operating agreement includes one full year of operating the Lot DD Surface Lot and ten months of operations for Lot CC.

4. The Controller's annual certification of costs is subject to Board of Supervisors approval for each of the up to four additional one-year extensions.

5. Ms. Sundstrom advises that Pacific Park Management would subcontract to the following two firms: (a) Costless Maintenance Services for janitorial services at an estimated cost of $683,977 and (b) King Security for security guard services at an estimated cost of $1,451,360. The subcontract cost of $2,135,337 is included in the operating agreement budget of $2,808,337.

Recommendation: In accordance with the Term of Operating Agreement Section of this report, continue this proposed resolution to the Call of the Chair pending action by the Airport Commission to amend the subject operating agreement by adding a provision which requires Board of Supervisors approval prior to the Airport Commission and Pacific Park Management agreeing to extend the operating agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Airport Commission

CONTRACT SERVICES: Airport Employee Parking Facilities Operating Agreement

CONTRACT PERIOD: November 1, 2001 to September 30, 2002

(1) Who performed the activity/service prior to contracting out?

This service has been contracted since 1971.

(2) How many City employees were laid off as a result of contracting out?

N/A

(3) Explain the disposition of employees if they were not laid off.

N/A

(4) What percentage of City employees' time is spent on services to be contracted out?

N/A

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Airport Parking services have been contracted out since 1971. Employee parking is an expansion of parking services now being contracted out separately since 1999. This is an on-going request to contract out these services.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

Employee parking, as a part of Public parking, has been certified each year from 1980 to 1999. Since 1999, Employee Parking has been certified every year as a separate contract.

(7) How will the services meet the goals of your MBE/WBE Action Plan?

The previous contractor met the MBE/WBE goals by subcontracting janitorial and security services. The new contract currently under process calls for 15% MBE and 3% WBE subcontracting goals. The RFQ calls for the candidate to achieve the M/WBE subcontracting goals or demonstrate "good faith efforts" to achieve the goals

(8) Does the proposed contractor provide health insurance for its employees?

The new contract calls for compliance with the San Francisco Health Care Accountability Ordinance (Section 12Q of the San Francisco Administrative Code).

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

The contract calls for compliance with the Domestic Partners Ordinance.

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

The contract calls for compliance with the Minimum Compensation Ordinance.

Department Representative: [signature] for
Robert Rhoades, Deputy Airport Director – Business and Finance

Telephone Number: (650)821-4050

ANNUAL BUDGET
WESTFIELD, LOT DD GARAGE and LOT DD SURFACE PARKING

	Annual Budget
PAYROLL	
Parking Operators Payroll	$159,698.68
PAYROLL OVERHEAD	
Payroll Taxes	
FICA	
FUI	
SUI	
Total Payroll Taxes	$21,588.75
Employee Benefits	$36,156.00
Total Payroll Overhead	$57,744:75
OTHER EXPENSES	
Accounting Services	$5,732.96
Bank Charges	$264.60
Facility Mods & Equip (specific expends.)	$157,500.00
Janitorial Services	$683,977.00
Legal Services	$5,512.54
Management Fee	$271,772.00
Scavenger	$7,938.00
Security and Traffic Control	$1,451,360.57
Supplies and Service	$2,866.54
Telephone/Communication Expenditures	$3,969.00
Total Other Expenses	$2,590,893.21
Grand Total	$2,808,336.64

modified: 9/7/01

Pacific Park Management, Inc
Management Fee for Employee Parking Contract

Fee Components		Annual Fee
General Manager:		$70,000.00
Administrative Assistant:		$37,000.00
<u>Premiums</u>		
Required insurance:		
Workers Compensation	$13,574.39	
Commercial General Liability	$58,080.00	
Business Automobile Liability	$7,260.00	
Garage Keeper's Legal Liability	$5,080.00	
Burglary and Robbery	$2,178.00	
	Premiums Subtotal	$86,174.39
Required deposit:		$2,500
Overhead and Profit:		$76,096.94
Total Proposed Annual Management Fee:		$271,771.33

1.11.09 Final Mgmt Fees.doc

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

VIA FACSIMILE TO 415-252-0461

October 29, 2001

TO: Ms. Anna LaForte
Board of Supervisors, Finance Committee

FROM: Vick Sundstrom
Airport Parking Management

RE: Airport Employee Parking Facilities Operating Agreement

Per your request, I am providing to you the chronological events for the Airport Employee Parking Facilities Request for Qualifications.

• Request for Qualifications Issued	July 27, 2001
• RFQ & Informational Conference Advertised	See attachment 2
• Press Release sent	See attachment 3
• Informational Conference Date	August 15, 2001
• Addendum 1 Issued (See attachment 4)	August 23, 2001
• RFQ due date	August 31, 2001

In accordance with the RFQ, the evaluation of qualified parties was based on the following:

Evaluation of Qualifications. All Candidates that satisfy the Minimum Qualification Requirements will be evaluated by a panel which is to determine the most qualified Candidate based on the following criteria:

Ownership or Management Experience	50%
Parking Control System Experience	20%
Staff Management Experience	20%
Financial Ability	10%

Informational Conference

The informational conference was held on August 15, 2001. Seven parking operators attended the informational conference. One company requested that the minimum qualifications be reduced. To address this comment, following the

meeting, the Airport Minority/Women Outreach Department did some diligence to determine if the requirements were too burdensome. It appeared as though at least three companies could satisfy the requirements so the Airport opted not to reduce the minimum requirements.

Addendum 1, attachment 4, was issued to address minor changes in the RFQ and included responses to the questions brought up at the meeting. No material changes were made to the RFQ.

Qualification Submittal

The Airport received one submission for the RFQ, from Pacific Park Management, Inc. A three-member panel reviewed the submission and determined that the minimum qualification requirements, as set forth by the RFQ, were met.

On September 14, 2001, HRC determined that Pacific Park Management is responsive to the subcontracting goals as set forth in the RFQ. (Attachment 5).

Since all the necessary requirements set forth in the RFQ were met, the Airport recommended the award of the contract to Pacific Park Management Inc.

Pacific Park Management Inc. was awarded the Airport Employee Parking Facilities Operating Agreement for one year with four one-year options to extend the term (see "Resolution No. 01-0304" previously sent to the Clerk of the Board).

Annual Cost Proposal

Your request for the projections of the Annual Cost Proposal for the four one-year options are not available at this time due to the current economic climate caused by the events of September 11, 2001. Please be assured that we will return to the Board of Supervisors each year to obtain the Proposition J approvals.

In drafting the final Operating Agreement, staff and the City Attorney's Office ensured that a number of controls were in place, such as:

In accordance of section 1.17 of the Operating Agreement:

> "Management Fee" means two hundred seventy-one thousand seven hundred seventy-two dollars ($271,772) per year, as the same may be adjusted by the CPI each year, as described below. The Management Fee has been negotiated between the parties and represents: (a) the salaries of the designated Parking Staff, (b) the premiums for all insurance, bonds, and deposits required hereunder, and (c) Operator's overhead and profit, as shown in *Appendix B*. If and to the extent the aggregate salaries of the Parking Staff are less than the amounts described on *Appendix B*, then the Management Fee shall be reduced accordingly. Director reserves the right to approve labor cost components of the fee. Notwithstanding anything to the contrary in this Agreement, including Section 6.3, in no event will: (a) the "overhead and profit" components of the Management Fee exceed three percent (3%) of the Annual Cost Proposal for any year of this Agreement;

or (b) the Management Fee exceed **twelve percent** (12%) of the Annual Cost Proposal for any year of this Agreement.

Section 6.2 Compensation Structure of the Operating Agreement,

Compensation payable by City to Operator hereunder comprises the Management Fee and the Actual Direct Costs. On or before November of each year, Operator shall submit to City for City's approval the Annual Cost Proposal for the upcoming year, in form satisfactory to Director. The Annual Cost Proposal shall set forth the Management Fee and estimated Actual Direct Costs. Operator shall incur no expenses under this Agreement unless and until the Annual Cost Proposal has been approved in writing by Director. Compensation payable to Operator shall be limited each year by the amounts set forth in the approved Annual Cost Proposal. City shall have no obligation to pay any invoice which indicates that an expense item exceeds, or is projected to exceed, the amount therefore specified in the Airport-approved Annual Cost Proposal. In the event that the City exercises the options to extend the term of this Agreement, for each such extension period, Operator shall be required to submit a Annual Cost Proposal in a form that is satisfactory to Director.

Section 6.3 Management Fee Adjustment of the Operating Agreement,

(a) If and to the extent City exercises the option(s) to extend the term of this Agreement, the Management Fee for the extension term(s) shall be increased in the same proportion as the increase in the CPI at such time as compared to the CPI on the commencement date of this Agreement. However, the increases provided for in this Section shall be limited to four percent (4%) per annum.

(b) In the event City expands or contracts the Facilities to include or exclude any new or existing parking facilities, the Management Fee shall be adjusted to reflect: (i) the *actual* increases or decreases in the salaries of the Parking Staff necessary for such expanded or contracted Facilities, and the premiums for the insurance, bonds, and deposits required hereunder; and (ii) a pro rata adjustment (based on number of parking spaces) in the "overhead and profit" component of the Management Fee. In no event will the Management Fee be adjusted for the mere increase or decrease in the number of parking spaces in any Facility.

The annual cost proposal for the first contract year and the management fee schedule are shown in attachments 6 & 7.

The expenses incurred and budget for this contract for fiscal year 00/01 by the previous contractor are shown in attachment 8.

Please call me at 650.821.4056 if you should have any questions.

cc: Steve Gordon, Adrienne Go, Cathy Widener

Attachment 2

PUBLICATIONS

Asian Week

China Press

Chinese Times

El Latino

El Reportero

New Bayview

Philippine News

San Francisco Bay Times

Small Business Exchange

Attachment 3

MEDIA LIST

Bay City San Francisco
Bay City News RWC
KICU
KPIX
KNTV
KOFY
KQED
KGO AM
Channel 28
KCBS AM
KFRC AM
Marin Independent
Oakland Tribune
FC Progress
Daily Review
San Jose Mercury News
Millbrae Sun
San Bruno Herald
KTVU
San Mateo Times
KGO TV
Independent News Group
San Francisco Chronicle
San Francisco Examiner
KRON TV
Associated Press
KFOG
Channel 14
Menlo Park Almanac
San Francisco Independent
BOUT VLGR
USA Today
KFOX
AAA Public Relations
Fox News
Channel 66
Public Works
Travel Info
Travel Weekly
Reuters News
Lisa Paul
AAAE
Channel 48
Wall Street Journal
Muni Facts
Moody's Investor
NY Bloomberg News
NJ Bloomberg News
SF Bloomberg News
Aviation Daily
ACI Airport Week
Airport Report
Travel News Asia
Air Finance Journal
Airports North America
Metro Traffic
Contra Costa Times
Philadelphia Airport

Pan Asia Venture	SFCVB Tokyo
Sing Tao Daily	SFCVB Shanghai
Kyodo News	Columbus Travel Guide
India West	Aero international
Air Reporter	World Journal
AAMC	Russian News
San Francisco Visitor's	American Journal
Convention Center	Channel 32

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM
via facsimile
5 pages total

TO: Anna LaForte DATE:

FROM: Cathy Widener

SUBJECT: Airport Employee Management Services – Pacific Park Management contract

Per your request regarding the Airpor's speculation as to why we only received one bid for the employee-parking contract, I am providing you with a copy of the Minimum Qualifications for the contract by way of background.

While seven companies came to the Airport's Informational Conference held on August 15, only one – Pacific Park Management – submitted a Qualification Package to the Airport.

This may have occurred because the Minimum Qualifications (see attached) for the contract are difficult for most Small Business Enterprise companies to meet. While this is considered a Small Business Enterprise contact for the Airport because it is relatively small compared to other parking contracts, the number for spaces (over 6,000) demand that a "responsive" bidder meet the Minimum Qualifications.

The Airport's Minority and Women Business Outreach Department reviewed the qualifications and determined that at least three out of the seven companies could have met the requirements, but for reasons unknown to the Airport two of the three choose not to submit bids.

SECTION I: OVERVIEW

A. Minimum Qualification Requirements. All Qualifications Packages must include materials evidencing each Candidate's satisfaction of the Minimum Qualification Requirements. Airport staff will review the Qualifications Package of the Candidates to determine whether each is responsive, is responsible, and satisfies the Minimum Qualification Requirements. This is a "pass/fail" determination. The Airport Commission will not award the contract to any Candidate that does not satisfy the Minimum Qualification Requirements.

Each Candidate must demonstrate that it satisfies the Minimum Qualification Requirements set forth below.

- Ownership or Management. The Candidate must have at least five years of experience within the past five (5) years as an owner or operator of a public and/or employee parking facility (multi-level, at-grade and/or surface lot). For at least two (2) of those years, the aggregate number of parking stalls for such facility(ies) must have exceeded 1,500 parking stalls combined.

- Small Business Enterprise ("SBE"). Candidate must qualify as a Small Business Enterprise, which is defined as:

  1. Small business entity which is owned and controlled by one or more economically disadvantaged individuals, is independently owned and operated and organized for profit; and
  2. Small business entity may be an individual proprietorship, partnership, limited liability company, corporation, joint venture or association; and
  3. Small business entity must have annual gross receipts in the preceding three years not exceeding $5 million.

- Computerized Parking Control System Experience. Candidate must have at least two (2) years of experience operating and maintaining parking security and access control systems based on card readers, loop-detectors and automatic gates.

- Staff. Candidate must have experience managing a staff of at least ten (10) employees (including employees and employees of contractors) in its owned or operated parking facility(ies).

- Financial Ability. Candidate must demonstrate that it has the financial capacity and experience to operate the Project.

If Candidate is a Joint Venture, any joint venture partner(s) owning 50% or more must satisfy all of the foregoing qualification requirements. Any joint venture partner(s) owning less than 50% in the joint venture must have a minimum of three (3) years of general management experience, and provide evidence of managing-ownership or

senior/general management of a viable, for-profit business concern during that time. Both (all) Joint Venture partners must be Small Business Enterprises.

B. **Evaluation of Qualifications**. All Candidates that satisfy the Minimum Qualification Requirements will be evaluated by a panel which is to determine the most qualified Candidate based on the following criteria:

Ownership or Management Experience	50%
Parking Control System Experience	20%
Staff Management Experience	20%
Financial Ability	10%

C. **Negotiation of Management Fee**. Identification of the most qualified Candidate will not imply that the Candidate will receive award of the contract. The Airport intends to negotiate the Management Fee with the top-ranked Candidate. In the event the Director determines that a Management Fee cannot be negotiated with the top-ranked Candidate or if the Director determines the parties are at an impasse, the Director, in his sole discretion, may terminate negotiations, and direct staff to commence negotiations with the next highest ranked Candidate(s), and so on. The Airport intends to seek a Management Fee that represents value as well as economy, and it may not be the lowest possible management fee. Although the Airport reserves the right to negotiate any Management Fee it deems appropriate, it intends to negotiate within the following guidelines:

(1) The Management Fee will comprise only:
- Salaries of the General Manager and Administrative Assistant;
- Premiums for all required insurance, bonds, and deposits, and
- Operator's overhead and profit.

(2) The overhead and profit components of the Management Fee shall not exceed three percent (3%) of the Annual Cost Proposal for any year;

(3) The total Management Fee shall not exceed twelve percent (12%) of the Annual Cost Proposal for any Year; and

(4) The Management Fee shall be adjusted each year by the CPI but in no event will the increases in any given year exceed four percent (4%).

The standard Airport contract provisions shall not be subject to negotiations.

D. **Qualifications Submittal**. In submitting its Qualifications Package, a Candidate agrees that (a) if its submission is accepted, Candidate will execute the Agreement on or before the deadline specified by the Airport Director, and (b) Candidate accepts all of the terms and conditions of this RFQ (including the Agreement). Any Qualifications Package received after the Qualifications Submittal Deadline will be returned to the Candidate.

E. **Bond**. To secure the Candidate's obligation to execute the Agreement and submit the deposit and bonds required by the Agreement, each Candidate must submit in its Qualifications Package a bond or a letter of credit in the form attached as *Attachment 2* which bond or letter of credit must be in the amount of $50,000. The Airport

Commission reserves the right to cash the bond/letter of credit and hold the proceeds thereof as security for the obligations described below. No submissions will be considered unless accompanied by the bond/letter of credit. The bond/letter of credit will be held to guarantee execution of the Agreement and the Candidate's delivery of the deposit required by the Agreement, and the bond/letter of credit or the cash proceeds thereof will be retained by the Airport Commission as liquidated damages in the event the successful Candidate fails to do so.

F. Presentations/Interviews. The Airport Commission reserves the right to conduct interviews and/or presentations. In such event, the scores from the written Qualifications Package will be weighted 80% and the scores of the interviews/presentations will be weighted 20%.

G. M/W/LBE Participation Goals and Joint Ventures. As used below, the term "MBE", "WBE", and "LBE" shall mean Minority Business Enterprise, Woman Business Enterprise, and Local Business Enterprise, respectively, as defined by the City and County of San Francisco Chapter 12D.A., MBE/WBE/LBE Utilization Ordinance. Consistent with San Francisco Administrative Code Section 12.D.A., the Airport Commission's policy is to ensure that M/W/LBEs have equal opportunities to participate in all phases of Airport contracting.

(1) Joint-Ventures. The Candidate may joint-venture with a local certified MBE or WBE for a minimum of 35%. The joint-venture partner must meet the requirements as specified in San Francisco Administrative Code Chapter 12.D.A., (refer to *Attachment 3*).

(2) Subconsulting Goals. The Candidate must achieve the M/WBE subconsulting goals or demonstrate "good-faith efforts" to achieve such goals in the Project. For this Project, the subconsulting goals are **fifteen percent (15%)** for MBEs, and **three percent (3%)** for WBEs, based on the Annual Cost Proposal, minus the Management Fee. A Candidate may request that the HRC Director waive or reduce the subconsulting goals by submitting the reasons for the request in writing to Project Manager with its Qualifications Package. The factors that the HRC Director will consider in evaluating such a request are set forth in San Francisco Administrative Code Section 12.D.A.17(G). Denial of the request may be appealed to the HRC. The M/WBEs must be certified by the HRC prior to the Qualifications Submittal Deadline to be counted toward satisfying these subconsulting goals. In its Qualifications Package, the qualified Candidate must submit to HRC for review and approval all required HRC Forms and data demonstrating the proposed plan to achieve the M/WBE subconsulting goals, or good faith efforts to achieve such goals, for the Project. *As described above, Candidates are instructed to use the 2001/02 Annual Cost Proposal as the basis for demonstrating that they will meet the M/WBE subconsulting goals or demonstrating "good faith efforts."*

(3) Rating Bonus. Candidates who are M/W/LBEs may be eligible for a certain rating bonus. If applying for a rating bonus as a joint venture, the M/W/LBE

must be an active partner in the joint venture and perform work, manage the job and take financial risks in proportion to the required level of participation stated in the bid, and must be responsible for a clearly defined portion of the work to be performed and share in the ownership, control, management responsibilities, risks, and profits of the joint venture. The portion of the M/W/LBE joint venture's work shall be set forth in detail separately from the work to be performed by the non-M/W/LBE joint venture partner. The M/W/LBE joint venture's portion of the contract must be assigned a commercially reasonable dollar value. See ***Attachment 3*** for more information.

(4) More Information. If you have any questions about the M/W/LBE program, or if you desire M/W/LBE certification applications, please contact Romulus Asenloo, HRC Contract Compliance Officer at the Airport, at (650) 794-5578, fax no: (650) 737-7720. If you need a list of certified local M/WBEs, you can access the names from the HRC website at: www.ci.sf.ca.us/sfhumanrights, or you may call the Airport M/WBE Opportunity Office at (650) 821-5021.

Item 2 - File 01-1884

Department: Airport

Item: Resolution approving an Airport parking facilities operating agreement (contract) between Ampco System Parking and the City and County of San Francisco, acting by and through its Airport Commission.

Purpose of Operating Agreement: To provide for the operation and maintenance, including security guard and janitorial services, of the following three public parking garages, one public parking lot and one Impound Lot:

(1) the Domestic Terminal Parking Garage with 5,100 short-term public parking spaces, 140 valet-parking spaces, five limousine spaces, 1,100 Airport, airline and concession employee parking spaces not covered under File 01-1883 and 300 taxi parking spaces;
(2) the International Terminal Parking Garage A with 1,600 public parking spaces and 40 taxi parking spaces;
(3) the International Terminal Parking Garage G with 1,500 public parking spaces and 150 Airport, airline and concession employee parking spaces not covered under File 01-1883;
(4) the Long-Term Parking Lot (Lot D) with 5,300 public parking spaces; and
(5) the Airport Impound Lot[1].

The proposed operating agreement would cover a total of 13,500 public parking spaces, 140 valet-parking spaces, five limousine parking spaces, 340 taxi parking spaces and 1,250 Airport, airline and concession employee parking spaces.

Description: The proposed resolution would award a parking operating agreement, including security guard and janitorial services, for the Domestic Terminal Parking Garage, the International Terminal Parking Garage A, the International Terminal Parking Garage G, the Long-Term

[1] Under the proposed operating agreement, Ampco would manage the Airport Impound Lot. The Airport Impound Lot has 100 parking spaces for abandoned cars which are towed by Ampco and kept in this locked parking lot. There are no public parking spaces in the Airport Impound Lot.

Parking Lot (Lot D) and the Airport Impound Lot to Ampco System Parking (Ampco).

Amount Payable by Airport to Ampco: Not to exceed $19,338,354 during the first year of the proposed operating agreement from January 3, 2002 through January 2, 2003. Attachment I, provided by the Airport, provides budget details for the estimated cost of $19,338,354 for the proposed operating agreement. Attachment II, provided by the Airport, provides budget details for the estimated management fee in the amount of $1,489,079 or 7.7 percent of the total estimated operating agreement costs of $19,338,354.

In her October 24, 2001 memorandum to the Budget Analyst (Attachment III) Ms. Teresa Rivor of the Airport explains that the Airport is unable at this time to estimate the cost of the proposed operating agreement beyond the first year (the operator's agreement includes 4-one year options to extend the agreement) "due to the current climate caused by the events of September 11, 2001."

According to the terms of the proposed operating agreement, the Airport Commission would be required to approve the Annual Cost Proposal prepared and submitted by Ampco to the Airport during the term of this agreement. This Annual Cost Proposal would include the management fee and estimated direct costs of operating the Airports' subject parking facilities. According to Ms. Rivor, the Annual Cost Proposal, and thus the contractual services costs for future years, could vary depending on the level of services required by the Airport. However, according to the terms of the proposed operating agreement, Ampco cannot incur any expenses for such parking operations unless and until the Airport Commission approves such expenses, which would occur on an annual basis (see Comment No. 5).

In accordance with Section 6.3 of the proposed operating agreement, the management fee, which is estimated at $1,489,079 for the first year of the proposed operating agreement, would increase by the percentage increase in the Consumer Price Index for the San Francisco

Metropolitan Area provided that the management fee cannot increase by more than four percent per year.

Term of Operating Agreement:

January 3, 2002 through January 2, 2003 (one year). The term of the proposed operating agreement could be extended annually for up to four additional years on approval by the Airport Commission. Upon the expiration of the fourth one-year extension, the operating agreement may be further extended on a month-to-month basis. According to Section 3.2 of the proposed operating agreement, *"Upon expiration of this Agreement, with the consent of the operator* [Ampco], *Director* [of the Airport] *may direct Operator to continue performance of the Services on a month-to-month basis, on the same terms and conditions of this Agreement, until such time as City has engaged another Operator."*

The Budget Analyst notes that in accordance with the terms of the proposed operating agreement, the agreement could be extended indefinitely on a month-to-month basis without obtaining approval of the Board of Supervisors. Therefore, the Budget Analyst recommends that the proposed operating agreement be amended to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

Comments:

1. On June 5, 2001, the Airport Commission issued a Request for Qualifications (RFQ) for the subject management of the parking facilities operating agreement including the related security guard and janitorial services at the Airport. The Airport received Qualification Packages from five proposers, Five Star Parking, APCOA-Pacific Parking, Central Parking System, PRG Parking Management, LLC, and Ampco. Ms. Rivor states in Attachment III that Airport staff reviewed the five Qualification Packages and determined that PRG Parking Management, LLC, did not satisfy the minimum qualifications set forth in the RFQ and, thus, was not qualified to submit a proposal to the Airport. Ms. Rivor further states in Attachment III that, of the four firms which submitted proposals, Central Parking System

submitted their proposal after the Proposal Submittal Deadline, and, thus, was disqualified from the evaluation process. As shown in Attachment III, the evaluation criteria included the firm's experience and qualifications, the proposed Senior Managers' experience, the quality of business, marketing and transition plans, financial ability to perform and the proposed management fee.

2. The RFQ evaluation was based on a total of 500 points, and the management fee was 150 points or 30 percent of the total. Ms. Rivor reports that Five Star Parking submitted a proposed management fee bid of $964,866, the low bid, and APCOA-Pacific Parking submitted a proposed management fee of $1,922,000. Ampco's management fee bid of $1,489,079 was $524,213 or 54.3 percent more than Five Star Parking's low management fee bid of $964,866.

Overall, Five Star Parking received a rating of 421.55 points, APCOA-Pacific Parking received a rating of 416.22 points and Ampco received the highest rating of 437.46 points.

Because Ampco did not submit the lowest management fee bid, which exceeded the lowest management fee bid by $524,213 or 54.3 percent more than the Five Star Parking cost bid, the Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

3. Attachment IV, provided by the Airport, lists the newspapers and media agencies where the Airport advertised this RFQ.

4. On July 23, 2001, the Board of Supervisors approved a resolution approving the Controller's certification that public parking management services at the Airport could continue to be practically performed by a private contractor at a lower cost for the year commencing July 1 2001 than if the work were performed by City employees (File 01-1188).

5. The Controller's annual certification of costs is subject to Board of Supervisors approval for each of the up to four additional one-year extensions.

6. In addition to the parking spaces at the Domestic Terminal Parking Garage, that Garage also includes 4,000 square feet of office space for use by Ampco. The International Terminal Parking Garages A and G contain approximately 1,000 square feet each of office space for Ampco's use for satellite offices.

7. Ms. Rivor reports that Ampco has provided parking management services to the Airport since 1991. The existing contract with the Airport to provide parking management services was a one-year contract that began on July 1, 1996 with four one-year extensions. The fourth one-year extension of this contract expired on June 30, 2001. Ms. Rivor reports that Ampco has provided public parking management services since June 30, 2001 on a month-to-month basis, under the terms of the existing contract.

8. According to Ms. Rivor, in calendar year (CY) 2000, the Airport generated $69,051,506 in revenues from the operation of the Airport's subject parking facilities. During the first three-quarters of CY 2001, or January 1, 2001 through September 30, 2001, the Airport generated $47,905,175 in revenues from the operation of the Airport's subject parking facilities. Ms. Rivor reports that the Airport issues parking permits to airline and concession employees through their employers. Airport employees and employees of the parking facility operator do not pay to park in the Airports' subject parking facilities.

9. Ms. Rivor reports that, in Fiscal Year (FY) 2000-2001, the Airport paid $13,910,928 to Ampco, the present parking operator, including a management fee of $646,691 or 4.6 percent of total operating agreement costs. The proposed estimated management fee of $1,489,079 is $842,388 or 130.3 percent more than the previous management fee. The previous management fee was based on 4.6 percent of the total operating agreement costs as compared to the proposed management fee which

is based on 7.7 percent of the total estimated operating agreement costs. The total estimated payment to Ampco under this new operating agreement of $19,338,354 is $5,427,426 or 39 percent more than the payment to Ampco in FY 2000-2001. According to Ms. Rivor, the payment for FY 2000-2001 for parking management services under the existing contract with Ampco includes one full year of operation of the Domestic Terminal Parking Garage, the Long-Term Parking Lot (Lot D) and the Airport Impound Lot, but only six months of operation of the International Terminal Parking Garages A and G, which began operating in December of 2000. The proposed operating agreement includes the cost of one full year of operating the International Terminal Parking Garages A and G.

10. Ms. Rivor advises that Ampco would subcontract to the following four firms: (a) Cal State Patrol for security services at an estimated cost of $2,605,994, (b) DAJA Inc. for the operation of the Long-Term Parking Lot (Lot D) and the operation of the valet service in the Domestic Terminal Parking Garage at an estimated cost of $1,213,751 for the first year of the proposed operating agreement, (c) Org Metrics for employee training for operators at an estimated cost of $17,850 for the first year of the proposed operating agreement and Mah and Associates for accounting services at an estimated cost of $17,850 for the first year of the proposed operating agreement. The subcontract cost of $3,855,445 is included in the operating agreement budget of $19,338,354.

11. Item 1, File 01-1183, also being considered by the Finance Committee at its November 7, 2001 Finance meeting, pertains to the Airport's proposed contract award to Pacific Park Management to provide Airport, airline, and concession employee parking management services at the Airport.

Recommendations:

1. In accordance with the Term of Operating Agreement Section of this report, continue this proposed resolution to the Call of the Chair pending action by the Airport Commission to amend the subject operating agreement by adding a provision which requires Board of Supervisors approval prior to the Airport Commission and Ampco

agreeing to extend the operating agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

2. Approval of the proposed resolution is a policy matter for the Board of Supervisors, as noted in Comment No. 2.

Attachment 5

2001/02 PROPOSED AUTOMOBILE PUBLIC PARKING FACILITIES BUDGET

Budget Line Item	TOTAL
Cashiers	$4,028,945
Computer Technicians	$188,090
Customer Service Manager	$49,070
Customer Service Attendants	$177,910
Garage Supervisors	$1,313,492
Inventory Lot Checkers	$426,420
Office Staff	$775,216
Stationary Engineers	$231,067
Valet Attendents	$322,230
Total Payroll	$7,513,440
Payroll Tax	$641,486
Employee Benefits	$1,798,870
Total Payroll Overhead	$2,440,356
Total Personnel Costs	$9,953,796
Advertising	$12,000
Bank Charges	$1,089,200
Computer Maintenance	$100,000
Contract Services	$55,300
Facilities Modifications & Equipment	$225,000
Janitorial Services	$2,670,002
Laundry and Uniforms	$87,000
Legal Services	$10,500
Lien Fees	$32,655
Management Fee	$1,489,079
Office Expenditures	$55,800
Operating Expenses	$403,133
Payroll & AP Processing Charges	$10,000
Refunds & Fee Adjustments	$38,000
Revenue Control Tickets and Forms	$232,558
Security and Traffic Control	$2,785,481
Telephone/Communication Expenditures	$38,600
Training and Seminars	$50,250
Total Other Expenses	$9,384,558
Grand Total	$19,338,354

Appendix B-1

Management Fee Schedule

Fee Components				Proposed Annual Fee Components
General Manager:			$	77,636
Assistant General Manager:			$	57,098
Office Manager:			$	45,000
Operations Manager(s):			$	99,929
Accounting Manager:			$	52,370
Facilities Manager:			$	52,715
Compensation Subtotal:			$	384,748
Premiums:				
Required insurance:			$	623,989
Workers' Compensation	$	525,619		
Commercial General Liability	$	69,653		
Business Automobile Liability	$	23,217		
Garage Keeper's Legal Liability	$	4,000		
Burglary and Robbery	$	1,500		
Required deposit and fidelity bonds			$	56,342
Premiums Subtotal			$	680,331
Overhead and profit:			$	424,000
Total Proposed Annual Management Fee:			$	1,489,079

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

VIA FACSIMILE TO 415-252-0461

DATE: October 24, 2001

TO: Ms. Anna LaForte
Board of Supervisors, Finance Committee

FROM: Teresa Rivor Teresa Rivor
Airport Concession Development and Management

RE: Airport Public Parking Facilities Operating Agreement

Per your request, I am providing to you the chronological events for this Airport Public Parking Facilities Request for Qualification/ Proposal.

• Request For Qualification/Proposal Issued	October 1, 2000
• Informational Conference advertised	See Attachment 2
Press release sent	See Attachment 3
• Informational Conference Date	October 25, 2000
• Commission Approval Final Issuance of RFP	February 6, 2001
• Final Request for Proposal Issued	March 1, 2001
• Request for Proposal advertised	See Attachment 2
Press release sent	See Attachment 3

In accordance with the Final Request for Proposal, the selection process was a two-stage process:

- Qualification Stage: On or before the Qualification Package Deadline, all interested Proposers must submit Qualification Packages, evidencing their satisfaction of the minimum qualification requirements specified (Attachment 1). Airport staff will review the submission to determine whether the Proposer satisfies the Minimum Qualification Requirements. This is a "pass/fail" determination, and no scoring is done at this stage. As to those Proposers who satisfy such Minimum Qualification Requirements, Airport staff will recommend that the Airport Commission "short list" such Proposers and invite them to submit Proposal Packages.

- Proposal Stage: The Airport will notify those Proposers who are "short-listed" and invite them to submit Proposal Packages. A panel will review the Proposal Packages in accordance with the evaluation criteria to determine the most responsible and responsive Proposer. A five-member panel consisting of industry experts from other Airports, other parking business, and Airport Staff was selected to participate in the selection process. The panel members were:

  - Lester Patilla, Port of Oakland
  - Eugene Choy, Airport Commission
  - Robert Weinberg, MarketPlace Development
  - Kathy Hausler, San Jose International Airport
  - Stephen Gordon, Airport Commission

- Evaluation Criteria: The evaluation criteria used to rank all qualified proposers are as follows:

o	Firm's Experience and Qualifications	20 points
o	Proposed Senior Managers' Experience	20 points
o	Quality of Business, Marketing and Transition Plans	15 points
o	Financial Ability to Perform	15 points
o	Management Fee	30 points
	Total	100 points

  The points were weighed 70% based on the written Proposal, 30% based on the Presentation/Interview. Only the top four proposers, based on written Proposals, were invited to participate in the Presentation/Interview of the process.

HRC and Airport staff participated in the entire process up to and including observing the oral presentations as well as reviewing all the final score tabulations.

Chronology of Final Phase of the Selection Process

April 30, 2001
The Airport received Qualification Packages from five proposers:

- Five Star Parking
- APCOA-Pacific Parking – A Joint Venture of APCOA and Pacific Park Management, Inc.
- Central Parking System
- PRG Parking Management, LLC
- AMPCO System Parking

After staff reviewed all the submittals, staff determined that four of the Proposers satisfy the Minimum Qualification Requirements set forth in the RFQ/P. PRG Parking Management, LLC did not satisfy the Minimum Qualifications.

Ms. Anna LaForte
October 24, 2001
Page 3

June 1, 2001
Airport Commission approved the "short-list" and invited the qualified proposers to submit proposals. These proposers were:

- Five Star Parking
- APCOA-Pacific Park Parking – A Joint Venture of APCOA and Pacific Park Management, Inc.
- Central Parking System
- Ampco System Parking

July 2, 2001
The Airport received four Proposals from the previously approved "short-list". However, Central Parking System submitted its proposal after the Proposal Submittal Deadline. Therefore their Proposal was returned un-opened.

July 5, 2001
A five-member panel consisting of subject matter experts in the parking industry completed the review and rating.

July 18, 2001
To conclude the final step in the RFQ/P process, the proposers were invited to an oral presentation before the five-member panel.

The final tabulation of the scores and the ranking is as follows:

• Ampco Parking System	437.46
• Five Star Parking	421.55
• APCOA-Pacific Parking	416.22

August 2, 2001
HRC completed its review and all three firms, directly or through good faith efforts, achieved the minority-owned business enterprise (MBE) and woman-owned business enterprise (WBE) sub-consulting goals for the contract. Further, APCOA –Pacific Parking – A Joint Venture of APCOA and Pacific Park Management, Inc. requested a 5% rating bonus; however, the HRC determined that it does not qualify for such bonus.

Based on the qualification and scores, Ampco was deemed the best responsive and responsible proposer.

October 2, 2001
Ampco Parking System was awarded the Airport Public Parking Facilities Operating Agreement for one year with four one-year options to extend the term (see "Resolution No. 01-0303" previously sent to the Board).

Annual Cost Proposal

Your request for the projections of the Annual Cost Proposals for the four one-year options are not available at this time due to the current climate caused by the events of September 11, 2001. Please be assured that we will return to the Board of Supervisors each year to obtain Proposition J approvals.

In drafting the final Operating Agreement, staff and the City Attorney's Office ensured that a number of controls were in place, such as:

In accordance with Section 6.3 Management Fee Adjustment of the Operating Agreement:

(a) If and to the extent City exercises the options(s) to extend the term of this Agreement, the Management Fee for the extension term(s) shall be increased in the same proportion as the increase in the CPO at such time as compared to the CPI on the commencement date of this Agreement. However, the increases provided for in this Section shall be limited to four percent (4%) per annum.

(b) In the event City expands or contracts the Facilities to include or exclude any new or existing parking facilities, the Management Fee shall be adjusted to reflect: (i) the actual increases or decreases in the salaries of the Parking Senior Staff necessary for such expanded or contracted Facilities, and the premiums for the insurance, bonds, and deposits required hereunder; and (ii) a pro rata adjustment (based on number of parking spaces) in the "overhead and profit" component of the Management Fee. In no event will the Management be adjusted for the mere increase or decrease in the number of parking spaces in any Facilities.

Section 6.2 Compensation Structure of the Operating Agreement,

Compensation payable by City to Operator hereunder comprises the Management Fee and the Actual Direct Costs. On or before November of each year, Operator shall submit to City for City's approval the Annual Cost Proposal for the upcoming year, in form satisfactory to Director. The Annual Cost Proposal shall set forth the Management Fee and estimated Actual Direct Costs. Operator shall incur no expenses under this Agreement unless and until the Annual Cost Proposal has been approved, in writing, by Director. Compensation payable to Operator shall be limited each year by the amounts set forth in the approved Annual Cost prosopsal. City shall have no obligation to pay any invoice which indicates that an expense item exceeds, or is projected to exceed, the amount therefore specified in the Airport-approved Annual Cost Proposal. The approved Annual Cost Proposal for initial one (1) year term of this Agreement is set forth in Appendix B-2. "Annual Cost Proposal", is also attached hereto and incorporated by reference as though fully set forth herein. In the event that the City exercises the options to extend the term of the Agreement, for each such extension period, Operator shall be required to submit a Annual Cost Proposal in a form that is satisfactory to Director.

Section 1.17 Management Fee:

The "Overhead and Profit" components of the management Fee shall not exceed three percent (3%) of the Annual Cost Proposal for any year of this Agreement. If and to

the extent the aggregate salaries of the Parking Senior Staff are less than the amounts described on Appendix B, then the Management Fee shall be reduced accordingly.

I hope this satisfies your requirements to proceed before the Board of Supervisors. If you require additional information, please call me at (650) 821-4500.

X:\CDM\TENANTS\MISC\MEMOS\BoS Public Pkng.doc

Attachment 2

PUBLICATIONS

Asian Week

China Press

Chinese Times

El Latino

El Reportero

New Bayview

Philippine News

San Francisco Bay Times

Small Business Exchange

Attachment 3

MEDIA LIST

Bay City San Francisco
Bay City News RWC
KICU
KPIX
KNTV
KOFY
KQED
KGO AM
Channel 26
KCBS AM
KFRC AM
Marin Independent
Oakland Tribune
FC Progress
Daily Review
San Jose Mercury News
Millbrae Sun
San Bruno Herald
KTVU
San Mateo Times
KGO TV
Independent News Group
San Francisco Chronicle
San Francisco Examiner
KRON TV
Associated Press
KFOG
Channel 14
Menlo Park Almanac

San Francisco Independent
BOUT VLGR
USA Today
KFOX
AAA Public Relations
Fox News
Channel 66
Public Works
Travel Info
Travel Weekly
Reuters News
Lisa Paul
AAAE
Channel 48
Wall Street Journal
Muni Facts
Moody's Investor
NY Bloomberg News
NJ Bloomberg News
SF Bloomberg News
Aviation Daily
ACI Airport Week
Airport Report
Travel News Asia
Air Finance Journal
Airports North America
Metro Traffic
Contra Costa Times
Philadelphia Airport

Pan Asia Venture
Sing Tao Daily
Kyodo News
India West
Air Reporter
AAMC
San Francisco Visitor's
Convention Center

SFCVB Tokyo
SFCVB Shanghai
Columbus Travel Guide
Aero international
World journal
Russian News
American Journal
Channel 32

Items 5 through 9 - Files 01-1800, 01-1836, 01-1838, 01-1839 and 01-1848

Items:

File 01-1800: Resolution setting priorities and amending processes of the Board of Supervisors in reviewing the annual budget of City Departments submitted by the Mayor.

File 01-1836: Motion changing Rules of the Board of Supervisors to provide for review and comment by the public upon the Mayor's proposed annual budget prior to action by the Board of Supervisors on items within the budget.

File 01-1838: Motion establishing process for review of City Department budgets by various Committees of the Board of Supervisors.

File 01-1839: Motion setting priority on budget policy analysis for the Office of the Legislative Analyst.

File 01-1848: Ordinance amending Administrative Code Sections 3.3 and 3.4 to require the Mayor to submit the proposed budget to the Board of Supervisors by April 30, 2002 for the FY 2002-2003 budget, and by February 28 of each year for subsequent budgets and revising deadlines for City departments to submit budgets to the Controller, and for the Controller to submit the consolidated budget to the Mayor, in order to reflect the new deadlines for submission to the Board of Supervisors.

Description:

File 01-1800: The proposed resolution states the following:

- That the Board of Supervisors supports increasing the amount of time between the date the Mayor submits the proposed annual budget to the Board of Supervisors and the date that the Board must pass an annual appropriation ordinance and annual salary ordinance, in order to ensure that the Board of Supervisors and the public have sufficient time to review and discuss the budget and its underlying policy;
- That each City Department shall immediately and with all deliberate speed make efforts to fully comply with the requirements of Section 9.114 of the Charter

of the City and County of San Francisco which mandates the establishment of a mission-driven budget process, service outcomes desired by clients of the departments, and performance and productivity measures that gauge the success of departments in meeting their stated missions, so that such information is presented to the Board of Supervisors as a regular part of the budget presentations of the departments;

- That the Board of Supervisors shall provide for a full and meaningful review of the policy considerations underlying the annual budgets of each department on a cyclical basis, including a review of the mission of each department, the performance measures used to gauge efficiency and effectiveness in completing such mission, the processes used by the department to analyze efficiency and effectiveness, and the processes used to arrive at the proposed budget submitted to the Board of Supervisors, with such hearings divided among the appropriate subject area committees of the Board;

- That the Board of Supervisors shall provide for a full and meaningful opportunity for public review and comment upon the Mayor's annual proposed budget before moving the official action by the Board of Supervisors or its committees;

- That the Board of Supervisors shall make appropriations at a level of specificity that provides for a greater level of accountability by City Departments to the policy directives of the Board;

- That the Board of Supervisors shall amend the process for performance audits so that each and every City department is subjected to a regular performance audit at least once every 5 years;

- That the Board of Supervisors shall give adequate funding and direction to the Budget Analyst so that his annual review provides full and meaningful analysis of the assumptions underlying the proposed budgets of departments, as annually submitted by the Mayor, including information derived from the

performance reviews required of each department and program;

- That the Board of Supervisors declares that the first priority of the Office of Legislative Analyst shall be to provide analysis of the policies underlying the allocations in the Mayor's proposed annual budget;

- That the Board of Supervisors directs the Office of Legislative Analyst and the Budget Analyst to work together so that the analysis and information of each office is shared with that of the other to increase the efficiency and effectiveness of each of their efforts.

Budget Analyst Comments on File 01-1800

1. The proposed resolution described above does not, in and of itself have a fiscal impact. Costs could increase however to the extent that the provisions of the proposed ordinance are implemented through increased appropriations. For example, if the Board of Supervisors devotes additional time to the review of the proposed annual budget, as stated in the proposed resolution, the cost of increased Budget Analyst services would depend on the extent to which the Budget Analyst is required to provide additional services in connection with the increased time for budget review. Such potential costs are discussed below under Budget Analyst Comments on File 01-1848.

2. The current Rules of the Board of Supervisors call for performance audits of all City Departments every eight years by the Budget Analyst and the Controller. Rule 6.17 of the Rules of Order of the Board of Supervisors states that it is the policy of the Board of Supervisors that each program of the City and County and the Redevelopment Agency be the subject of a performance or management audit at least once every eight years. Rule 6.17 further states that it shall be the function of these audits to ensure that City departments and the Redevelopment Agency make prudent and efficient use of City resources and that the departments and Redevelopment Agency effectively perform the functions assigned to them by the Charter and applicable laws. However, the combined resources of the Budget Analyst and the Controller are currently insufficient to perform such audits every eight years.

3. The cost of increasing the staff of the Controller's Office and the Budget Analyst's Office to conduct additional performance audits would depend on the amount of appropriations approved by the Board of Supervisors and the Mayor. The Budget Analyst notes that, currently, the Controller's FY 2001-2002 budget includes expenditures of $456,539 for performance auditing. The Budget Analyst currently devotes approximately 20 percent of it professional staff hours to performance audits and special projects at a cost of approximately $395,000 annually. Therefore, the City expends a total of approximately $851,359 annually for performance audits by the Controller and the Budget Analyst. In addition, the Board of Supervisors has appropriated $200,000 for increased Budget Analyst services during FY 2001-2002 to conduct a performance audit of the Department of City Planning.

4. The Budget Analyst estimates that the cost of a performance audit of a City department ranges from $30,000 to $600,000 per department depending on the size of the department, the complexity of department operations and the comprehensiveness of the performance audit.

File 01-1836:
The proposed motion would amend the Rules of the Board to state that the Board of Supervisors shall provide for a full and meaningful opportunity for review and comment by the public upon the Mayor's annual proposed budget before moving to official action by the Board of Supervisors or its Committees as to items in that proposed budget.

Budget Analyst Comments on File 01-1836

The proposed motion would increase opportunities for public testimony on the City's proposed budget but would not appear to have significant fiscal impact.

File 01-1838:
The proposed motion states that the Board of Supervisors shall provide for a full and meaningful review of the policy considerations underlying the annual budgets of each department on a cyclical basis, including a review of the mission of each department, the performance measures used to gauge efficiency and effectiveness, and the processes used to arrive at the proposed budget submitted to the Board of Supervisors, with Board of Supervisors hearings divided among the appropriate Committees of the Board. The proposed motion further states that a comprehensive, policy-driven review of the budgets of City departments shall be "*informed by analysis by the Budget Analyst and the Office of the Legislative Analyst and also shall be informed by regular audits of the departments performed by the Budget Analyst and/or the Controller.*"

Budget Analyst Comments on File 01-1838

The proposed motion would not, in an of itself, increase the costs of the Board of Supervisors annual budget review. Additional budget and policy analysis for an annual budget review could be accomplished through a redeployment of Budget Analyst and Board of Supervisors Legislative Analyst priorities at no additional costs. However, if funding of additional resources is approved by the Board of Supervisors, the cost of the Board of Supervisors annual budget review would increase.

File 01-1839:
The proposed motion declares the following:

- That the first priority of the Office of the Legislative Analyst shall be to provide analysis of the policies underlying the allocations in the Mayor's proposed annual budget;
- That the Board of Supervisors shall establish a priority list of those budget policy analyses to be performed by the Office of the Legislative Analyst, with other policy analysis requests unrelated to to budget matters relegated to a second tier of priority below matters unrelated to the budget;

- That the Board of Supervisors directs the Office of the Legislative Analyst and the Budget Analyst to work together so that the analysis and information of each office is shared with that of the other to increase the efficiency and effectiveness of each of their efforts in providing information to support the Board of Supervisors in it annual review of the budget.

Budget Analyst Comments on File 01-1839

The proposed motion would designate budget policy analyses to be the first priority of the Office of the Legislative Analyst, but would not, in and of itself, result in increased expenditures.

<u>File 01-1848</u>:
The proposed ordinance would amend Administrative Code Sections 3.3 and 3.4 as follows:

- The date by which City departments must submit budget requests to the Controller for compilation would be changed from the 21st day of February of each year to the 21st day of January, 2002 for the FY 2002-2003 budget, and not later than the 21st of November of the preceding year for each subsequent budget (i.e., November 21, 2002 for FY 2003-2004);

- The date by which the City Controller transmits a consolidated budget request to the Mayor would be changed from the first working day of March to the first working day of February for the FY 2002-2003 budget, and the first working day of December of the preceding year for each subsequent year (i.e., December 1, 2002 for FY 2003-2004);

- The date by which the Mayor would transmit the Mayor's Recommended Budget to the Board of Supervisors would be changed from the first working day of June to April 30, 2002 for the FY 2002-2003 budget and not later than February 28 for each subsequent budget (i.e., February 28, 2002 for FY 2003-2004).

Budget Analyst Comments on File 01-1848

1. File 01-0968, a Charter Amendment amending Section 9.100 (Budget Process Ordinances) to require the Mayor, beginning in 2003 (for FY 2003-2004) to submit the proposed budget to the Board of Supervisors on or before April 15 of each year, was heard by the Rules Committee of the Board of Supervisors on November 1, 2001 and made a "Do Not Pass" recommendation. The proposed Charter Amendment will be considered by the full Board of Supervisors.

The Controller's statement on the effect on the cost of government of the proposed Charter Amendment, was based on the Mayor being required to submit the annual proposed budget to the Board of Supervisors on or before February 28 of each year. On October 23, 2001, the Rules Committee amended this Charter Amendment to change the date that the Mayor would be required to submit the annual proposed budget to the Board of Supervisors from <u>on or before February 28</u> to <u>on or before April 15.</u> Assuming a date of no later than February 28, the Controller's Office had advised that the subject Charter Amendment is likely to result in a cost of approximately $1,100,000, including less than half such costs for Budget Analyst services, with the remaining costs for additional departmental analytical staff for the 16 larger City departments, one additional Controller position and one additional Clerk of the Board staff position. However, the Controller's Office advises that, depending on how the Board of Supervisors chooses to carry out the proposed expanded budget process, and on the decisions that result from this process, such that further budget reductions might result, the overall net cost to the City resulting from the proposed Charter Amendment could either increase or decrease. Ms. Peg Stevenson of the Controller's Office advises that the Controller's Office will revise the cost estimate or prepare new estimates of the costs of the proposed Charter Amendment, once the Board of Supervisors have approved final amendments to the subject legislation.

2. Presently, under Charter Section 9.100 and Administrative Code Section 3.3, the Board of Supervisors has approximately one month to review the budget and to conduct budget hearings before the Finance Committee in

order that the Finance Committee's recommended budget and Annual Appropriation Ordinance is transmitted to the full Board for adoption prior to the absolute deadline of not later than August 1 of each year. By receiving the Mayor's proposed budget no later than April 30 of 2002 and February 28 of 2003 and thereafter or April 15 of each year (as stated in the proposed Charter Amendment described above), the Board of Supervisors would have additional time to review the budget and conduct budget hearings.

3. However, it should be noted that a proposed budget, submitted by the Mayor by either April 15, April 30 or February 28 of each year could be subject to substantial revision, by both the Mayor and the Board of Supervisors, based upon new or updated information, prior to the August 1 deadline for final approval by the Board of Supervisors. Budget information that is likely to change during this period could include revenue estimates, increased salary and benefits costs resulting from Memoranda of Understanding approved after the budget is submitted and changes to the costs of non-labor expenditures such as the recent volatility in utility prices and increased expenditures for non-profit contractors.

4. The Budget Analyst believes that additional time expended on reviewing the budget should result in a more in-depth analysis of the budget. However, the Budget Analyst believes that the precise length of time to be devoted to the annual budget review is a policy decision for the Board of Supervisors.

Recommendation: Approval of the proposed legislation is a policy matter for the Board of Supervisors.

Memo to Finance Committee
November 7, 2001 Finance Committee Meeting

Item 10 - File 01-1986

Department: Mayor's Office

Item: Hearing on the Mayor's plans to address the anticipated shortfall in FY 2001-2002 revenues.

Description: On October 10, 2001 the Controller presented a projected revenue shortfall estimated to be between $61.1 million and $99.6 million for FY 2001-2002. The details of this projection are shown in the Attachment to this report.

According to Mr. Ben Rosenfield, Budget Director for the Mayor's Office, a report on the Mayor's recommended expenditure and revenue adjustments to offset the anticipated revenue shortfall for FY 2001-2002 is currently being prepared. As of the writing of this report, the Mayor's recommendations are not yet final.

Mr. Rosenfield advises that the report of the Mayor's Office will be issued to the Board of Supervisors on November 5, 2001.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

Attachment

CITY AND COUNTY OF SAN FRANCISCO
Discretionary General Fund (GF) Revenues
(Amounts in $ millions)

		FY2000-2001		FY2001-2002		
					Revised Estimates	
	FY99-00 Actual	Year-End Projection	Year-End Unaudited Actual	Original Budget (1)	More Favorable FY01-02 (2)	Less Favorable FY01-02 (2)
Property Tax	$406.6	$447.4	$452.0	$461.6	$461.6	$461.6
		10.0%	11.2%	3.2%		
Business Tax	267.2	268.4	278.0	275.7	278.0	271.1
		0.4%	4.0%	2.7%	0.0%	-2.5%
Sales Tax	133.4	147.8	143.8	155.2	136.6	129.4
		10.8%	7.8%	5.0%	-5.0%	-10.0%
Utility Users Tax	61.4	72.3	77.5	77.3	77.3	77.3
		17.8%	26.2%	6.9%		
Property Transfer Tax	69.9	68.7	62.3	48.0	48.0	48.0
		-1.7%	-10.9%	-30.1%		
Hotel Tax (3)	91.5	107.0	104.2	112.4	85.3	69.2
		17.0%	13.9%	5.0%	-15.0%	-25.0%
Parking Tax	30.3	33.6	33.8	35.0	35.0	35.0
		10.9%	11.6%	4.2%		
Public Safety Sales Tax	66.8	72.2	71.6	75.0	68.0	64.4
		8.1%	7.2%	3.9%	-5.0%	-10.0%
Motor Vehicle In-Lieu	88.3	96.4	97.3	102.2	99.2	97.3
		9.2%	10.2%	6.0%	2.0%	0.0%
Airport Transfer	22.4	27.8	25.1	29.3	21.3	18.8
		24.1%	12.1%	5.4%	-15.0%	-25.0%
Total - Discretionary Revenues	$1,237.8	$1,341.6	$1,345.6	$1,371.7	$1,310.4	$1,272.1
$ Change compared to budget					($61.3)	($99.6)
% Change from prior year actual		*8.4%*	*8.7%*	*2.2%*	*-2.6%*	*-5.5%*

Notes:
(1) Percentage change represents the change from 2000-01 year-end projection.
(2) Percentage change represents the change from year-end unaudited actual.
(3) By ordinance, dedicated hotel tax revenues such as Fine Art Museum, Grants for the Arts, etc. can not increase or decrease more than 10% from prior year actual amounts. Any change to hotel tax revenue beyond 10% is absorbed by GF unallocated.

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, November 14, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:09 a.m.

011899 **[Contracting for Security Services, Office of Contract Administration, Central Shops Division]**

Resolution concurring with the Controller's certification that security services can be practically performed by private contractor for lower cost than similar services performed by City and County employees. (Purchaser)

10/18/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jim Johnson, Office of Contract Administration, Central Shops Division.

RECOMMENDED.. by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011985 **[Office of Labor Standards Enforcement]**

Supervisor Leno

Hearing to get a progress report on the work and staffing of the Office of Labor Standards Enforcement.

10/29/01, RECEIVED AND ASSIGNED to Audit, Labor and Government Efficiency Committee.

11/8/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Judith Blackwell, Director, Office of Contract Administration; Supervisor McGoldrick; Peter Cerri, Office of Labor Standards; Stan Warren, Building Trades Council.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011848 **[New Deadline for Submission of Budget to Board of Supervisors]**

Supervisors McGoldrick, Daly

Ordinance amending Administrative Code Sections 3.3 and 3.4 to require the Mayor to submit the proposed budget to the Board of Supervisors by April 30 for the 2002-2003 budget, and by February 28 of each year for subsequent budgets, and revising the deadlines for City departments to submit budgets to the Controller, and for the Controller to submit the consolidated budget to the Mayor, in order to reflect the new deadlines for submission to the Board of Supervisors.

10/15/01, RECEIVED AND ASSIGNED to Rules Committee.

10/29/01, TRANSFERRED to Finance Committee.

11/7/01, CONTINUED. Heard in Committee. Speakers: Supervisor McGoldrick; Harvey Rose, Budget Analyst; Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; Monique Zmuda, Chief Financial Officer, Department of Public Health; Trent Rhorer, Director, Department of Human Services; Gloria Young, Clerk of the Board; Tiffany Mock-Goeman; Jim Haas; John Avalos, Coleman Advocates for Children and Youth; Kevin Hickey (youth services worker); Margaret Brodkin, Coleman Advocates for Children and Youth; Marc Salomon; Alan Oliver; Lauren Porter, People's Budget Collaborative; Sandra Fewer; Rebecca Vilkomerson, People's Budget Collaborative; Glynn Washington, Human Services Network; Jon Osaki; Larry Lattimore, POWER; Calvin Davis, POWER; Richard Heasley, Executive Director, Conard House; Debbi Lerman, San Francisco Human Services Network; John Bardis; Clarice Duma, Senior Legislative Analyst, Board of Supervisors; Theodore Lakey, Deputy City Attorney.
Continued to November 14, 2001.

Heard in Committee. Speakers: Supervisor McGoldrick; Ben Rosenfield, Mayor's Budget Office.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance amending Administrative Code Section 3.3 to (1) require the Mayor to submit a preliminary budget to the Board of Supervisors by the first working day of April 2002 for the 2002-2003 fiscal year; (2) require that the existing timetable for submission of the budget expire on December 31, 2002, and (3) state the intention of the Board of Supervisors to approve a new timetable for subsequent fiscal years by not later than September 30, 2002.

(Supervisor Gonzalez dissenting in Committee)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Noes: 1 - Gonzalez

011938 **[Contracting out Shelter and Intake Services]**

Resolution concurring with the Controller's certification that intake and shelter services to status offenders can be practically performed by private contractor for lower cost than similar services performed by City and County employees. (Juvenile Probation Department)

10/31/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Lonnie Holmes, Juvenile Probation Department.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011946 **[Accept-Expend Federal Grant]**

Resolution authorizing the Airport Commission to accept and expend a grant in the amount of $2,000,000.00 from the Federal Aviation Administration (FAA) for acquisition of clean air vehicles and infrastructure, and related technical assistance. (Airport Commission)

10/23/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.
Amended by placing $100,000 on reserve.

AMENDED.

Resolution authorizing the Airport Commission to accept and expend a grant in the amount of $2,000,000.00 from the Federal Aviation Administration (FAA) for acquisition of clean air vehicles and infrastructure, and related technical assistance; placing $100,000 on reserve. (Airport Commission)

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011947 **[Accept-Expend Federal Grant]**

Resolution authorizing the Airport Commission to accept and expend a grant in the amount of $15,435,276.00 from the Federal Administration for assistance in projects under the Airport Improvement Program (A.I.P. 15). (Airport Commission)

10/23/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.
Amended on page 1, lines 3 and 18, after "accept," by adding "retroactively."

AMENDED.

Resolution authorizing the Airport Commission to accept retroactively and expend a grant in the amount of $15,435,276.00 from the Federal Aviation Administration for assistance in projects under the Airport Improvement Program (A.I.P. 15). (Airport Commission)

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011964 **[Agreement to Sell Property on Wilder Street, Glen Park]**

Supervisors Leno, Daly, Hall

Resolution approving and authorizing an agreement with Glen Park Marketplace Phoenix, LLC, for the sale of real property located on Wilder Street in Glen Park, for a purchase price of $285,000; finding that competitive bidding is impractical or impossible; adopting findings that the conveyance is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

10/29/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Division of Real Estate; David Prowler, Manager, Glen Park Marketplace Phoenix, LLC; Bruce Bonaker; Ms. Nordstrom, President, Glen Park Association.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011934 **[Amending Administrative Code to increase the cash revolving fund for Public Health]**

Ordinance amending Section 10.154 of the San Francisco Administrative Code increasing the cash revolving account for Public Health from $25,000 to $43,000. (Public Health Department)

10/26/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; James Alexander, Department of Public Health; Edward Harrington, Controller.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011794 **[Arts Commission Street Artists Fund - Accumulation of Interest]**

Supervisor Ammiano

Ordinance amending the San Francisco Administrative Code by amending Section 10.100-32 to expressly allow for accumulation of interest on any amount deposited in the Arts Commission Street Artists Fund.

10/9/01, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/8/2001.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Howard Lazaar, Street Artist Program Director, Arts Commission; Edward Harrington, Controller; William Clark.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

LITIGATION

Conference with City Attorney

[Convene in Closed Session]

Motion that the Finance Committee of the Board of Supervisors convene in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding proposed settlements in the lawsuits or claims listed below.

Unanimous vote to convene in closed session by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011870 **[Settlement of Business Tax Lawsuit]**

Ordinance authorizing settlement of the lawsuit filed by Morgan Stanley Dean Witter & Co. Inc. versus the City and County of San Francisco by payment of a total amount not to exceed $1,200,000.00; the lawsuit was filed on June 22, 2001 in San Francisco Superior Court, Case No. 322-341, entitled Morgan Stanley Dean Witter & Co. Inc., et. al. v. City and County of San Francisco; the settlement includes any claims for the 2000 tax year and plaintiffs shall not file any claims for refunds pursuant to Section 1021 of Article 12B of the San Francisco Business and Tax Regulations Code. (City Attorney)

10/17/01, RECEIVED AND ASSIGNED to Audit, Labor and Government Efficiency Committee.

10/26/01, TRANSFERRED to Finance Committee.

The Finance Committee requests that the Board hear this item in closed session.

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

Report on Closed Session.

Deputy City Attorney Ted Lakey reported that the Finance Committee has met in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding settlements in the lawsuits or claims listed above.

[Elect Not to Disclose]
Motion that the Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations concerning the anticipated litigation listed above.

Unanimous vote not to disclose discussion to the public by the following vote:
Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 12:54 p.m.

.25

/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 8, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: November14, 2001 Finance Committee Meeting

Item 1 – File 01-1899

Department: Department of Administrative Services (DAS)

Item: Resolution concurring with the Controller's certification that security services at the Central Shops Division can continue to be practically performed by a private contractor for lower than similar services by City and County employees.

Services to be Performed: Security services at the Central Shops Division

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies and the Board of Supervisors concurs that such services can in fact be performed by private firms at a lower cost than similar work performed by employees of the City and County.

The Controller has certified that the security services for the Central Shops Division could be performed by a contractor at a lower cost, than if such services were performed by employees of the City and County. The Controller has determined that contracting for security

services at the Central Shops Division for FY 2001-2002 would result in the following estimated savings:

	Lowest Salary Step	Highest Salary Step
City Operated Service Costs		
Salaries	$115,688	$144,310
Holiday Pay	6,512	8,123
Night Differential	8,046	10,036
Variable Fringe Benefits	19,953	24,890
Fixed Fringe Benefits	16,722	16,722
Total City Cost	$166,921	$204,081
Contractual Service Costs	95,265	95,265
Estimated Savings	$71,656	$108,816

Comments:

1. According to Mr. Carlos Chavez, of the Department of Administrative Services, the security services were originally contracted out in September 1983 and as required by Charter Section 10.104 were first certified in 1983 and have been contracted out continually since that time.

2. Mr. Chavez also states that the Contractual Service Cost used for the purpose of analysis is an estimate of the total number security services hours that the Central Shop anticipates using in FY 2001-2002 multiplied by the Contractor's hourly rate.

3. According to Mr. Chavez, the security services are currently, being provided by McCoy Patrol Services. Mr. Chavez also states that the current contract with McCoy Patrol Services is a month to month contract. The proposed resolution would approve the Controller's certification for the first fiscal year of the four-year contract. Mr. Chavez adds that the contract was put out to bid on October 8, 2001. Mr. Chavez also states that once a contractor is selected, the new contract would be for a period of four years, beginning January 1, 2002 and ending December 31, 2006.

4. The Controller's supplemental questionnaire completed by the department is attached to this report.

Recommendation: Approve the proposed resolution.

Attachment

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: PURCHASING/ CENTRAL SHOPS

CONTRACT SERVICES: SECURITY GUARD SERVICES

CONTRACT PERIOD: 2001- 2005

(1) Who performed the activity/service prior to contracting out?

Class 7410 Automotive Service Worker

(2) How many City employees were laid off as a result of contracting out?

None

(3) Explain the disposition of employees if they were not laid off.

Employees were reassigned to Service Worker duties that were understaffed.

(4) What percentage of City employees' time is spent of services to be contracted out?

100% of three (3) employees

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Services were originally contracted out in September 1983. An ongoing request.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1983

(7) How will the services meet the goals of your MBE/WBE Action Plan?

MBE participation will be included in the bid process.

(8) Does the proposed contractor provide health insurance for its employees?

Yes

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

A.) yes B.) yes

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

Yes

Department Representative: JIM JOHNSON

Telephone Number: (415) 550-4600

Item 3 – File 01-1848

Note: This proposed ordinance was continued by the Finance Committee at its meeting of November 7, 2001. The Budget Analyst has been informed that an amendment of the whole will be submitted for the proposed ordinance. This report is based on the amendment of the whole. The amendment of the whole would set a date for submission of the Mayor's recommended annual budget to the Board of Supervisors on April 15 of each year. Further, the Budget Analyst understands that the sponsor of the proposed ordinance is considering another amendment to require that the Mayor submit the recommended annual budget to the Board of Supervisors on April 30, 2002 for the FY 2002-2003 budget, and on April 15 of each year thereafter. Therefore, this report reflects that change in the proposed ordinance as well.

Items: This ordinance would amend Administrative Code Sections 3.3 and 3.4 to require the Mayor to submit the Mayor's recommended annual budget to the Board of Supervisors by April 30 of 2002 for the FY 2002-2003 budget and April 15 of each year thereafter. This ordinance would also revise the deadline dates for City departments to submit budgets to the Controller, and for the Controller to submit the consolidated budget to the Mayor, in order to reflect the new deadline dates for submission to the Board of Supervisors.

Description: The proposed ordinance would amend Administrative Code Sections 3.3 and 3.4 as follows:

- The date by which City departments must submit budget requests to the Controller for compilation would be changed from the 21st day of February of each year to the seventh day of January of each year,);
- The date by which the City Controller transmits a consolidated budget request to the Mayor would be changed from the first working day of March to the 15th working day of January of each year;
- The date by which the Mayor would transmit the Mayor's Recommended Budget to the Board of Supervisors would be changed from the first working day of June to April 30, 2002 for the FY 2002-2003 budget, and on April 15 of each year thereafter.

Comments:

1. The Controller's statement on the effect on the cost of government of a pending Charter Amendment on this subject matter, was based on the Mayor being required to submit the annual proposed budget to the Board of Supervisors on or before February 28 of each year. On October 23, 2001, the Rules Committee amended that Charter Amendment to change the date that the Mayor would be required to submit the annual proposed budget to the Board of Supervisors from on or before February 28 to on or before April 15. Assuming a date of no later than February 28, the Controller's Office had advised that the subject Charter Amendment is likely to result in a cost of approximately $1,100,000, including less than half such costs for Budget Analyst services, with the remaining costs for additional departmental analytical staff for the 16 larger City departments, one additional Controller position and one additional Clerk of the Board staff position. As of the writing of this report the Controller had not submitted a revised cost estimate with respect to the proposed budget submission deadline date of April 30, 2002.

2. Presently, under Charter Section 9.100 and Administrative Code Section 3.3, the Board of Supervisors has approximately one month to review the budget and to conduct budget hearings before the Finance Committee in order that the Finance Committee's recommended budget and Annual Appropriation Ordinance is transmitted to the full Board for adoption prior to the absolute deadline of not later than August 1 of each year. By receiving the Mayor's proposed budget no later than April 30 of 2002, the Board of Supervisors would have additional time to review the budget and conduct budget hearings.

3. However, it should be noted that a proposed budget, submitted by the Mayor by April 30, 2002 could be subject to substantial revision, by both the Mayor and the Board of Supervisors, based upon new or updated information, prior to the August 1 deadline for final approval by the Board of Supervisors. Budget information that is likely to change during this period could include revenue estimates, increased salary and benefits costs resulting from Memoranda of Understanding approved after the budget is submitted and changes to the costs of non-labor

expenditures such as the recent volatility in utility prices and increased expenditures for non-profit contractors.

4. The Budget Analyst believes that additional time expended on reviewing the budget should result in a more in-depth analysis of the budget. However, the Budget Analyst believes that the precise length of time to be devoted to the annual budget review is a policy decision for the Board of Supervisors.

5. The Finance Committee continued this proposed ordinance at its meeting of November 7, 2001. The Committee has requested that the Mayor's Budget Director respond to the question of whether or not it would be possible for the Mayor to transmit the recommended FY 2002-2003 budget to the Board of Supervisors by April 30, 2002. Mr. Ben Rosenfield, in response to the Finance Committee's request, states that he will present the current schedule for compilation and formulation of the Mayor's recommended FY 2002-2003 budget and provide the Finance Committee with a discussion of the difficulties involved in significantly altering that schedule in order to meet the April 30, 2002 date for transmittal of the Mayor's recommended FY 2002-2003 budget. Mr. Rosenfield states that he will also present alternatives for the consideration of the Finance Committee.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 4 – File 01-1938

Department: Juvenile Probation

Item: Resolution concurring with the Controller's certification that intake and shelter services for status offenders can continue to be practically performed by a private contractor at lower cost for the year commencing July 1, 2001 than if work were performed by City and County employees.

Services to be Performed: Shelter and intake services for status offenders

Description: The Juvenile Probation Department first entered into a contract with Huckleberry Youth Programs (formerly known as Youth Advocates, Inc.) in 1984 to provide a community-based central receiving facility for status offenders. Status offenders are youth who have run away from home, have a history of truancy, or are in other ways out of their parents' control, but who are not in the criminal justice system. Prior to the contract with Huckleberry Youth Programs to provide the community-based central receiving facility services, such status offenders were retained in Juvenile Hall.

In 1989 the Juvenile Probation Department expanded the services provided under the contract with Huckleberry Youth Programs to include intake and shelter services for status offenders. Huckleberry Youth Programs currently provides a 24-hour short-stay shelter and needs assessment for youth, with the goal of reuniting youth with their family or providing appropriate longer-term placement.

Charter Section 10.104 provides that the City may contract with private firms for services, if the Controller certifies, and the Board of Supervisors concurs, that such services can be practically performed by private firms at a lower cost than similar work by City and County employees.

The Controller has determined that contracting for the shelter and intake services for status youth offenders for FY 2001-02 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$ 854,239	$1,022,606
Fringe benefits	238,713	264,989
Total	$1,092,952	$1,287,595
Contractual Service Cost*	807,400	832,915
Estimated Savings	$ 285,552	$ 454,680

*According to Mr. Joe Matranga of the Controller's Office, Contractual Service Costs include (a) the current contractor's cost of $755,515 and (b) 1.0 FTE 8444 Deputy Probation Officer in the Juvenile Probation Department, at the lowest salary step of $51,885 and highest salary step of $77,400 to monitor the contract.

Comments:

1. Mr. Lonnie Holmes of the Juvenile Probation Department reports that the Department first entered into a contract with Huckleberry Youth Programs, Inc. in 1984 to provide a central receiving facility for status offenders, and that the contract with Huckleberry was expanded in 1989 to include shelter and intake services. The central receiving facility was first certified under Charter Section 10.104 in 1984. The expanded shelter and intake services contract was first certified by the Controller as being less expensive than if the services were performed by City employees in 1989, and the shelter and intake services have been continuously provided under the outside contract since then.

2. As noted above, the Contractual Service Cost used for the purpose of the analysis is based on: (a) the current contractor's cost of $755,515 to provide shelter and intake services, and (b) the salary and fringe benefits of 1.0 FTE 8444 Deputy Probation Officer, ranging from $51,885 at the lowest salary step to $77,400 at the highest salary step. This position is responsible for monitoring the contract.

3. The Controller's supplemental questionnaire with the Juvenile Probation Department's responses is shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Juvenile Probation Department

CONTRACT SERVICES: Status Offender Services

CONTRACT PERIOD: July 1, 2001 to June 30, 2002

(1) Who performed the activity/service prior to contracting out?

The Juvenile Hall Counselors: 3- 8315 Assistant Counselors 7-8320 Counselors, 1-8316 Counselor II

(2) How many City employees were laid off as a result of contracting out?

None. Eleven (11) positions were cut from the Budget. No permanent staff were laid off

(3) Explain the disposition of employees if they were not laid off.

No permanent employees were laid off.

(4) What percentage of City employees' time is spent on services to be contracted out?

50% of 1-8414 Supervising Probation Officer
100% of 1-8442 Senior Probation Officer
100% of 3-8440 Probation Officer
100% of 2– 8318 Counselor II
100% of 14 – 8320 Counselor

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
The contract with Huckleberry Youth Programs, Inc., for a central receiving facility was first entered into by the Juvenile Probation Department February 1, 1984. The contract expanded to include shelter and intake for status offenders on April 1, 1988. This agreement is on-going and the Department expects to continue to contract these services out.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

The first year for the central receiving contract was fiscal year 1983/84. The first year for the expanded contract was fiscal year 1988/89. This contract has been renewed each subsequent year.

(7) How will the services meet the goals of your MBE/WBE Action Plan?

Huckleberry Youth Programs, Inc. is a non-profit agency therefore, it does not fall within purview of MBE/WBE goals. Extensive outreach was accomplished at the Request for Qualification when the Department was seeking potential MBE/WBE providers.

(8) Does the proposed contractor provide health insurance for its employees?

Yes. The contractors provides health benefits to all it's employees.

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? This contractor is in compliance with all city mandates regarding benefits to employees, spouses and domestic partners.

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

This contractor is in compliance with the City's Minimum compensation Ordinance.

Department Representative: Lonnie S. Holmes

Telephone Number: 415-753-7852

Item 5 - File 01-1946

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant in the amount of $2,000,000 from the Federal Aviation Administration for acquisition of clean air vehicles and infrastructure, and related technical assistance.

Grant Amount: $2,000,000

Grant Period: October 1, 2001 through September 30, 2005 (four years). According to Mr. Roger Hooson of the Airport, the Airport has not accepted or expended any funds to date.

Source of Funds: Federal Aviation Administration (FAA)

Matching Funds: $2,000,000 in matching funds is required (100 percent of $2,000,000 in FAA grant funds). The Airport has identified $2,022,988 in funds from the following sources:

Airport Revenues (See Comment No. 2)	$497,796
Bay Area Air Quality Management District	100,000
Delta/United Airlines	1,425,192
Total	$2,022,988

Indirect Costs: Indirect costs would be waived in order to maximize use of grant funds for the acquisition of clean air vehicles and related costs.

Description: The Airport's Clean Vehicle Policy was created in February of 2000 to encourage transportation operators at the Airport to replace a portion of their gasoline- and diesel-powered vehicles with Compressed Natural Gas (CNG) or electric vehicles. To complement the initiative, the Airport submitted an application for clean air vehicle funding through the FAA's Inherently Low Emission Airport Vehicle (ILEAV) Pilot Program on February 9, 2001. On May 27, 2001, the FAA selected San Francisco

International Airport (SFIA) as one of ten airports in the nation to participate in the ILEAV Pilot Program.

According to Mr. Hooson, the subject grant would cover 50 percent of the incremental costs of all CNG and electric vehicles over gasoline- and diesel-powered vehicles, 50 percent of related technical assistance and approximately 50 percent of equipment costs for a total of $2,000,000. The requested grant funds of $2,000,000 would subsidize a) 50 percent of the $1,143,818 incremental acquisition costs for the purchase of CNG and electric vehicles instead of gasoline and diesel powered vehicles, b) approximately 50 percent of the $2,679,170 incremental acquisition costs for the purchase of electric baggage tugs, electric belt loaders and electric fast chargers, or a total of $3,822,988 and c) 50 percent of the $200,000 related evaluation, monitoring and reporting costs. Attachment I shows that the grant would provide approximately 16.6 percent, or $2,000,000, of the total cost to acquire or lease the equipment and evaluation, monitoring, and reporting contract of $12,044,500. The Airport, SFO Shuttle Bus Company, United Airlines, and Delta Airlines would each pay their share of the remaining balance of $10,044,500, or 83.4 percent, of the estimated total cost of $12,044,500 to acquire or lease the equipment and evaluation, monitoring, and reporting.

The subject grant will fund incremental capital costs for the following 327 vehicles and equipment items: (a) 136 CNG and electric vehicles to be used for Airport staff transportation and utility work (b) 4 CNG passenger shuttle buses for the SFO Shuttle Bus Company to provide public and employee shuttle bus services to and from the Airport parking lots, (c) 176 electric aircraft baggage transports and electric belt loaders to support aircraft ramp operations and passenger baggage, mail and cargo transfer, for United and Delta Airlines, and (d) 11 electric fast charger units for United and Delta Airlines to recharge electric vehicles.

Transportation operators that would participate in this program are: the Airport, SFO Shuttle Bus Company, Delta Airlines, and United Airlines. The Airport would provide $471,909 in matching funds for the incremental costs of 136

CNG and electric vehicles to be used by the Airport, and \$25,887 in matching funds for evaluation, monitoring and reporting. (see Comment 4). Delta and United Airlines would provide \$1,425,192 in matching funds for the incremental costs of 187 aircraft baggage transports and belt loaders, and fast chargers and \$74,113 of the \$200,000 cost of evaluation, monitoring, and reporting. The clean air vehicles and equipment would be divided as follows: (a) Delta Airlines would purchase and operate 18 baggage transports, 9 belt loaders and 3 fast chargers, and (b) United Airlines would operate 100 baggage transports, 49 belt loaders and 8 fast chargers. The SFO Shuttle Bus Company would purchase and operate the 4 New Flyer C40LF CNG shuttle buses with the Bay Area Air Quality Management District providing \$100,000 in matching funds for 50 percent of the incremental costs, for purchase of the CNG shuttle buses. The SFO Shuttle Bus Company would not pay any of the incremental costs for the CNG shuttle buses. According to the Airport, all clean air vehicles are expected to be in operation by 2004.

According to Mr. Hooson, the Airport anticipates funding on a reimbursement basis from the FAA. Mr. Hooson reports that vehicle and equipment suppliers would invoice the Airport, SFO Shuttle Bus Company, United Airlines and Delta Airlines once the vehicles have been delivered. The Airport would then submit a request for reimbursement to the FAA on behalf of itself and the three transportation operators. Once payment has been received from the FAA, the Airport would then reimburse the Airport Operating Fund and the transportation operators up to 50 percent for the incremental cost or \$1,900,000 for the CNG and electric vehicles (the total grant award of \$2,000,000 less the \$100,000 in grant funds to be used for evaluation, monitoring and reporting). The remaining approximately 50 percent or \$1,922,988 would be provided by matching funds.

Budget:

Incremental Cost of Clean Air Vehicles Over Diesel- and Gasoline Vehicles					
Type of Vehicle or Equipment	Transportation Operator Share	Airport Share	Bay Area Air Quality Management District Share	FAA Share	Total Incremental Cost
4 CNG Shuttle Buses	SFO Shuttle Bus Co. $0	—	$100,000	$100,000	$200,000
136 Staff and Utility Vehicles	—	$471,909	—	471,909	943,818
18 baggage tugs and 9 belt loaders	Delta Airlines $7,335		—	7,335	14,670
100 baggage tugs and 49 belt loaders	United Airlines 796,000		—	796,000	1,592,000
11 fast chargers: 8 UA, 3 DL	Delta 149,385 United 398.359		—	524,756	1,072,500
Subtotal	$1,351,079	$471,909	$100,000	$1,900,000	$3,822,988

Technical Services					
Technical Services	Transportation Operator Share	Airport Share	Bay Area Air Quality Management District Share	FAA Share	Total Cost
Evaluation, Monitoring and Consulting (See Comment 4)	$74,113	$25,887	—	$100,000	$200.000

Total	$1,425,192	$497,796	$100,000	$2,000,000	$4,022,988

Comments:

1. According to the Airport, Airport matching funds totaling $497,796 would provide $25,887 for evaluation, monitoring and reporting, and $471,909 for clean air vehicles.

2. Mr. Hooson states that if United and Delta Airlines decide not to acquire the electric baggage tugs, belt loaders, and fast chargers, the Airlines would forfeit the FAA grant money and FAA funds. Therefore, $1,328,091 in FAA grant funds would be withheld by the FAA.

3. According to Mr. Hooson, the estimated maintenance costs for the gasoline and diesel-powered vehicles to be replaced are approximately $700 annually per vehicle. The estimated maintenance costs for the new 136 CNG and

electric vehicles for the Airport are between $64 and $425 annually per vehicle or between $275 and $636 less than the $700 maintenance cost for gasoline and diesel power vehicles.

4. According to Mr. Hooson, evaluation, monitoring and consulting costs of $200,000, of which $25,887 would be funded from Airport revenues, would be performed by an environmental consultant to be selected through a Request for Proposal process conducted by the Airport. The environmental consultant selection would not need FAA approval. The selected consultant would verify and monitor CNG and electric, and gasoline and diesel powered vehicle emissions and report findings to the Airport. The Budget Analyst recommends that the $100,000 in FAA funds for evaluation, monitoring and consulting costs be reserved pending contractor selection by the Airport and submission of budget details including hours and hourly rates.

5. Attachment II is the Airport's Grant Application Information Form, which includes the Disability Access Checklist.

Recommendations:

1. Reserve $100,000 for evaluation, monitoring, and consulting costs in accordance with Comment 4.

2. Approve the proposed resolution, as amended.

Attachment I

FILE 01-1946: PROPOSED DISTRIBUTION OF GRANT FUNDS

Transport Operator	Vehicle Make	Vehicle Model	Base Vehicle Cost	Grant Funds Per Vehicle	Operator Share	Incremental Cost Per Vehicle	Subtotal	Vehicles or Units	Total Grant Funds	Total Cost
Airport	3/4 ton pick-up truck		$ 18,060	$ 3,470	$ 3,470	$ 6,940	$ 25,000	58	$ 201,260	$ 1,450,000
	Ford	Rangers	18,060	3,470	3,470	6,940	25,000	18	62,460	450,000
	Ford	Crown Victoria	18,060	3,470	3,470	6,940	25,000	12	41,640	300,000
	Ford	E-250 Pass. Van	18,060	3,470	3,470	6,940	25,000	11	38,170	275,000
	Ford	E-250 Work Van	18,060	3,470	3,470	6,940	25,000	11	38,170	275,000
	Toyota	Camry CNG	18,060	3,470	3,470	6,940	25,000	18	62,460	450,000
	Honda	CNG	18,060	3,470	3,470	6,940	25,000	8	27,760	200,000
United and Delta Airlines	Baggage tugs		25,371	4,564	4,564	9,128	34,500	118	538,552	4,071,000
	Belt loaders		25,371	4,564	4,564	9,128	34,500	58	264,712	2,001,000
	Fast Chargers		-	47,705	49,798	97,500	97,500	11	524,755	1,072,500
SFO Shuttle Bus Company	New Flyer	C40LF CNG Bus	275,000	25,000	25,000	50,000	325,000	4	100,000	1,300,000
Subtotal								327	$1,900,000	$11,844,500
Technical Assistance					100,000				100,000	200,000
Total									$2,000,000	$12,044,500

(a) Paid in full by third party vehicle operators, not by the City.
(b) Approximates cost of diesel and gasoline powered vehicles.

Source: Budget Analyst's Office

File Number: ______________________
(Provided by Clerk of Board of Supervisors)

Grant Information Form
(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: *FAA ILEAV Clean Air Vehicle Grant*

2. Department: *Airport Commission*

3. Contact Person: *Roger Hooson* Telephone: *(650) 821-6511*

4. Grant Approval Status (check one):

[x] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: *$2,000,000*

6a. Matching Funds Required: *$2,022,988*
b. Source(s) of matching funds (if applicable):
Airport Commission: $497,796
Bay Area Air Quality Management District: $100,000
Airlines: $1,425,192

7a. Grant Source Agency: *Federal Aviation Administration*
b. Grant Pass-Through Agency (if applicable):

8. Proposed Grant Project Summary:

The project will pay the incremental clean air vehicle cost of 136 natural gas and electric autos and pickups fc Airport Commission use, 4 CNG shuttle buses for an Airport parking lot contractor (City to own after 10 years, 176 aircraft service vehicles for United and Delta Airlines, 11 electric vehicle chargers for the above airlines, and $200,000 in technical assistance in evaluating and monitoring the deployment.

SFO was awarded this grant in a national competition involving 21 airports.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: *October 1, 2001* End-Date: *September 30, 2005*

10. Number of new positions created and funded:
None

11. If new positions are created, explain the disposition of employees once the grant ends?
N/A

12a. Amount budgeted for contractual services:
N/A

b. Will contractual services be put out to bid?
At this point, it is not anticipated that these services will need to be put out to bid.

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? *N/A*

d. Is this likely to be a one-time or ongoing request for contracting out? *N/A*

13a. Does the budget include indirect costs? [ ] Yes [x] No

b1. If yes, how much? $
b2. How was the amount calculated?

c. If no, why are indirect costs not included?
[ ] Not allowed by granting agency
[x] To maximize use of grant funds on direct services
[ ] Other (please explain):

14. Any other significant grant requirements or comments:

****Disability Access Checklist*****

15. This Grant is intended for activities at (check all that apply):

[x] Existing Site(s)
[ ] Rehabilitated Site(s)
[ ] New Site(s)
[ ] Existing Structure(s)
[ ] Rehabilitated Structure(s)
[ ] New Structure(s)
[x] Existing Program(s) or Service(s)
[ ] New Program(s) or Service(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability Reviewer: *Ron Fong*
(Name)

Date Reviewed: Sept 25 2001

Department Approval: Ronald Fong SFHA ADA Coordinator
(Name) (Title)

(Signature)

Item 6 – File 01-1947

Department: Airport

Item: Resolution authorizing the Airport to accept and expend a grant in the amount of $15,435,276 from the Federal Aviation Administration for three Airport Improvement Projects.

Source of Funds: Federal Aviation Administration (FAA)

Grant Amount: $15,435,276

Grant Period: September 22, 2000 through September 22, 2004 (four years) (see Comment No. 1).

Required Match: $5,145,092, in Airport Commercial Paper Proceeds (see Comment No. 5).

Indirect Costs: The Airport proposes to waive the inclusion of indirect costs to maximize the use of such funds for the subject projects.

Description: The proposed resolution would authorize the Airport to accept and expend FAA grant funds for three capital improvement projects under the Airport Improvement Program.

The three Airport capital improvement projects include:

(a) Rehabilitation of Taxiway "L" between Runway 28R and Runway 1R. (Total project costs of $3,162,000, including $2,371,500 of subject grant funds).

The work would include strengthening the cement-treated base and resurfacing approximately 5,800 feet of Taxiway "L" with asphalt, as well as upgrading drainage and lighting as necessary. The purpose of the proposed rehabilitation of Taxiway "L" between Runway 28R and Runway 1R is to restore the worn surface of Taxiway "L" which has not had a major repair in 20 years.

(b) Rehabilitation of the Boarding Area "D" apron pavement (the concrete portion where the aircraft parks). (Total project costs of $9,310,935, including $6,976,451 of subject grant funds).

Rehabilitation would include the reconstruction and overlay of approximately 500,000 square feet of Boarding Area "D" cement concrete pavement as well as 700,000 square feet of asphalt pavement, for a total reconstruction and overlay of 1,200,000 square feet of Boarding Area "D". Rehabilitation would also include modifications of and additions to existing drainage and electrical distribution along Boarding Area "D". The purpose of the proposed rehabilitation of Boarding Area "D" is to restore the concrete apron and surrounding apron area to extend the pavement life and to meet FAA slope requirements for aircraft parking as well as to allow more aircraft parking.

(c) Rehabilitation of Boarding Area "F" apron. (Total project costs of $8,116,433, including $6,087,325 of subject grant funds).

This project includes the reconstruction and overlay of approximately 250,000 square feet the Boarding Area "F" concrete apron as well as 350,000 square feet of surrounding asphalt pavement and taxi lanes, for a total reconstruction and overlay of 600,000 square feet of Boarding Area "F". Rehabilitation would also include joint repair, drainage improvement, utility relocation and all necessary work to rehabilitate Boarding Area "F". The purpose of the rehabilitation of the Boarding Area "F" apron is to restore the concrete area where the aircraft are parked and build up surrounding apron in order to improve drainage.

Total estimated project costs for the three Airport capital improvement projects will be $20,580,368, of which $15,435,276 will be paid from the subject FAA grant and $5,145,092 will be paid from Airport Commercial Paper Proceeds.

Budget: The proposed summary budget for the three Airport capital improvement projects is as follows:

Project	Construction	Architectural Engineering, Inspection & Administration	Total Project Costs	FAA Grant Funds	Airport Matching Funds
Taxiway "L" bwtn Runway 28R & 1R	$ 2,749,565	$ 412,435	$ 3,162,000	$ 2,371,500	$ 790,500
Boarding Area "D" Apron	8,088,639	1,213,296	9,301,935	6,976,451	$ 2,325,484
Boarding Area "F" Apron	7,066,433	1,050,000	8,116,433	6,087,325	$ 2,029,108
Total	$ 17,904,637	$ 2,675,731	$ 20,580,368	$ 15,435,276	$ 5,145,092

Attachment I, provided by the Airport, contains total project costs of $20,580,638 broken out by expenditure categories for the three Airport capital improvement projects.

Comments:

1. According to Ms. Cathy Widener of the Airport, the Airport became eligible to receive the subject FAA grant funds on September 22, 2000. In the attached memorandum (Attachment II), Ms. Widener explains that the FAA required that the Airport sign an acceptance letter prior to September 30, 2000 or risk losing the funds. Ms. Widener also advises that the Airport has not expended the subject grant monies because the Airport was delayed in beginning various airfield construction projects due to the opening of the new International Terminal. Because the Airport accepted the subject FAA grant in the amount of $15,435,276 on September 28, 2000, the Budget Analyst recommends amending page one, lines three and 18 of the proposed resolution by inserting the word "retroactively" after the word accept so that the phrase reads, "...to accept <u>retroactively</u> and expend..."

2. According to Ms. Josephine Lau of the Airport, existing Airport staff would provide on an in-house, civil service basis, the architectural engineering, inspection, and administrative services (AE, I & Admin) for the proposed projects. Ms. Lau states that the total estimated cost of $2,675,731 for such services is based on the Airport's estimate that, historically, such services will equal approximately 13 percent of the total estimated project costs of $20,580,368. Ms. Lau also states that architectural engineering, inspection and administrative

expenses include charges for design services, engineering services, project management and oversight, report preparations, reproduction charges, advertisements, processing invoices and bids and other administrative expenses incurred by the Airport. Ms. Lau advises that the Airport will be able to complete the three Airport capital projects by September 22, 2004, when the grant period expires.

3. As shown in Attachment I, the estimated construction costs for the three Airport development projects are $17,904,637. Ms. Lau states that the construction projects will be performed by outside contractors who will be selected through a competitive bid process.

4. As shown in Attachment I, in the first year of funding for the three projects, the Airport has budgeted $8,232,147, which includes $6,174,110 in FAA funds and $2,058,037 in Airport matching funds from Commercial Paper Proceeds.

5. In Attachment II, provided by the Airport, Ms. Widener advises that the Airport's matching funds in the amount of $5,145,092 would be funded by Commercial Paper Proceeds. Ms. Widener further advises that the Board of Supervisors approved the Airport's Commercial Paper Program in 1997 (Resolution No. 620-97) and again in 1999 (Resolution No. 224-99). Ms. Widener reports that Resolution No. 224-99 approved $400,000,000 under the Commercial Paper Program for capital projects only. Therefore, Ms. Widener advises that since the proposed three Airport projects are capital projects, Commercial Paper can be used for the matching funds.

6. Attachment III is the Airport's Grant Application Information Form, which includes the disability access checklist.

Recommendations:

1. In accordance with Comment No. 1 above, amend page one, lines three and 18 of the proposed resolution by inserting the word "retroactively" after accept so that the phrase reads, "...to accept retroactively and expend..."

2. Approve the proposed resolution, as amended.

PART III - BUDGET INFORMATION FOR (AIP 15)

SECTION A - BUDGET SUMMARY *(First Funding Period)*

Grant Program, Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds: Federal (c)	Estimated Unobligated Funds: Non-Federal (d)	New or Revised Budget: Federal (e)	New or Revised Budget: Non-Federal (f)	New or Revised Budget: Total (g)
1. Reconstruction & Overlay of Taxiway "L" Btwn Runway 28R & 1R	20-106			$948,600	$316,200	$1,264,800
2. Reconstruction and Overlay of B/A "D" Apron Pavement	20-106			$2,790,581	$930,194	$3,720,774
3. Reconstruction and Overlay of B/A "F" Pavement	20-106			$2,434,930	$811,643	$3,246,573
4						
5. TOTALS				$6,174,110	$2,058,037	$8,232,147

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity: (1) Txy 'L' Btwn Rnwy 28R & 1R	(2) B/A "D" Apron Pavement	(3) B/A "F" Pavement		TOTAL (5)
a. Personnel					
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction	$2,749,565	$8,088,639	$7,066,433		$17,904,637
h. Other (Including AE, I & Admin)	$412,435	$1,213,296	$1,050,000		$2,675,731
i. Total Direct Charges					
j. Indirect Charges					
k. TOTALS	$3,162,000	$9,301,935	$8,116,433		$20,580,368
7. Program Income	N/A	N/A	N/A	N/A	N/A

* Includes all Architectural, Engineering, Inspection and Administrative Budgets

Attachment II

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM
via facsimile
9 pages total

TO: Maureen Singleton DATE: 11/01/01

FROM: Cathy Widener

SUBJECT: A.I.P. 15 – FAA Grant

The Airport-FAA Airport Improvement Program grant (A.I.P. 15) was awarded on September 22, 2000 and is out of its normal annual cycle due to a delay in various airfield construction projects caused by the opening of the new International Terminal. The Airport is now prepared to resume our FAA reimbursement program and is requesting authority to accept and expend these funds.

While the Airport was unable to use the funds in year fiscal year 2000/2001, the FAA required the Airport to sign the acceptance letter prior to September 30, 2000 or risk losing the funds. While the letter of acceptance was signed on September 28, 2000, the Airport has not received the FAA funds and no Airport funds have been spent on eligible projects.

The source of the Airport matching funds in the amount of $5,145,092 will be commercial paper. The Board of Supervisors approved the Airport's Commercial Paper Program in 1997 (Resolution No. 620-97) and again in 1999 (Resolution No.224-99.)

Please feel free to contact me should you have further questions.

File Number: ___________________________

Grant Information Form

(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Accept and Expend Grant Fund under the Airport Improvement Program (AIP), AIP Project No. 01-1-3-06-0221-15

2. Department: Airport Commission

3. Contact Person: Cathy Widener Telephone: (650) 821-5023

4. Grant Approval Status (check one):

   [X] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: $15,435,276

6a. Matching Funds Required: $5,145,092
 b. Source(s) of matching funds (if applicable): Commercial Papers and/or Bonds

7a. Grant Source Agency: Federal Aviation Administration
 b. Grant Pass-Through Agency (if applicable): N/A

8. Proposed Grant Project Summary: As Listed on the FAA-AIP Application

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

   Start Date: September 22, 2000 End Date: September 22, 2004

10. Number of new positions created and funded: 0

11. If new positions are created, explain the disposition of employees once the grant ends? N/A

12a. Amount budgeted for contractual services: $17,904,637.
 b. Will contractual services be put out to bid? (Yes, *if contract amount is over $50,000)* following the standard FAA bid and contract procedures.
 c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? Possible, but MBE/WBE goals do not apply to FAA contracts.

d. Is this likely to be a one-time or ongoing request for contracting out? One-Time

13a. Does the budget include indirect costs? [ ] Yes [X] No
b1. If yes, How much? N/A
b2. How was the amount calculated? N/A

c. If no, why are indirect costs not included?
[ ] Not allowed by granting agency
[ ] To maximize use of grants funds on direct services
[X] Other (please explain): According to the Lease and Use Agreement between the City of San Francisco and major airlines using San Francisco International Airport, the Annual Service Payment made to the City shall constitute full satisfaction of all obligations of the Airport.

14. Any other significant grant requirements or comments: N/A

**** Disability Access Checklist****

15. This Grant is intended for activities at (check all that apply):

[X] Existing Site(s) [X] Existing Structure(s) [ ] Existing Program(s) or Service(s)

[ ] Rehabilitated Site(s) [ ] Rehabilitated Structures(s) [ ] New Program(s) or Service(s)

[X] New Site(s) [X] New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability
Reviewer: ______________________ (Name)

Date Reviewed: October 30, 2001

Department Approval:
Ronald Fong (Name) SFIA ADA Program Manager (Title)

____
(Signature)

Item 7 - File 01-1964

Department: Department of Administrative Services
Division of Real Estate (RED)

Item: Resolution approving and authorizing an agreement with Glen Park Marketplace Phoenix, LLC for the sale of City-owned real property located on Wilder Street in Glen Park, at a purchase price of $285,000; finding that competitive bidding is impractical or impossible; adopting findings that the conveyance is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

Description: The City currently owns a 2,500 square feet (25 feet by 100 feet) parcel of land on Wilder Street, between Diamond and Arlington, identified as Assessor Block 6745 - Lot 29, in the Glen Park neighborhood (the parcel has no address identification). Attachment 1 is a map of the proposed parcel. The parcel is under the jurisdiction of the Clean Water Program and is a sewer right of way. The parcel is currently used by the Department of Parking and Traffic, together with three contiguous parcels leased by the City from Glen Park Marketplace Phoenix, LLC, which comprise an additional 7,500 square feet (2,500 square feet each), as a metered public parking lot with 25 parking spaces.

The proposed resolution would authorize the sale of the subject City-owned parcel consisting of 2,500 square feet, at a price of $285,000, to Glen Park Marketplace Phoenix, LLC (buyer). The buyer proposes to use the 2,500 square foot parcel, together with 13,500 square feet of properties that adjoin the City-owned parcel also owned by the buyer, for a mixed use development totaling 16,000 square feet. The development project would consist of the maximum number of housing units possible, a neighborhood grocery store and potentially a branch library for use by the City. According to an October 18, 2001 letter from Mr. Marc MacDonald, Director of Property, the Public Library and the Real Estate Division are currently discussing the inclusion of a branch library within the project (see Comment 3). Based on existing zoning for the proposed project, up to 20 housing units could be built within the 16,000 square feet of the proposed

project. Because plans have not yet been developed and submitted for the proposed project, it is not known what type of housing units will be constructed. It is also not known at this time whether the Planning Commission will place conditional use requirements for affordable housing units on the proposed project.

Under the proposed agreement for the sale of the City-owned property, the buyer, Glen Park Marketplace Phoenix, LLC, would be required to relocate the main sewer line that currently encumbers the property at the buyer's expense, with the approval and under the supervision of the Public Utilities Commission – Clean Water Program. The estimated cost of relocating the sewer line is $90,000.

As noted above, the subject property is currently used, along with three other adjacent 2,500 square foot parcels owned by buyer, as a metered parking lot operated by the Department of Parking and Traffic. The Department of Parking and Traffic currently leases the three parcels at a cost of $575 per month ($6,900 annually) from Glen Park Marketplace Phoenix, LLC. The annual parking revenues realized by the City from this parking lot is approximately $9,000 according to the Department of Parking and Traffic. These leases between the City and buyer expire on December 31, 2001. Under the terms of the proposed purchase agreement, the City would be allowed to continue using the leased space as a public parking lot, together with the City property to be sold to the buyer, on a month-to-month basis, at the same rental rate of $575 per month, until Glen Park Marketplace Phoenix, LLC is prepared to begin construction on the proposed mixed use development.

Comments:

1. The proposed resolution would also find that the use of competitive bidding by the City in the proposed sale of the subject property is impractical or impossible. Attachment 2 is memorandum from Mr. Larry Ritter of the Real Estate Division to the Budget Analyst which states the reasons as to why the use of competitive bidding is impractical or impossible.

2. According to Mr. Ritter, the proposed sales price of $285,000 for the City-owned parcel represents more than fair market value. This value of $285,000 is based on an appraisal conducted by a private appraiser, Carneghi-Bautovich & Partners, Inc., retained by the Real Estate Division. The appraisal found that the full value of the property was $375,000, less the estimated

cost of $90,000 for the relocation of the main sewer line for a net value of $285,000. The appraisal was based on 2,500 square feet at $150 per square foot less $90,000. The Budget Analyst notes that the appraisal was conducted in June of 2000, over one year ago. As stated in Attachment 2, both the appraiser and the Division of Real Estate state that the current fair market value of the subject property, net of the $90,000 cost to relocate the sewer line, is less than $285,000 "due to the economic slowdown and resulting deteriorating market conditions".

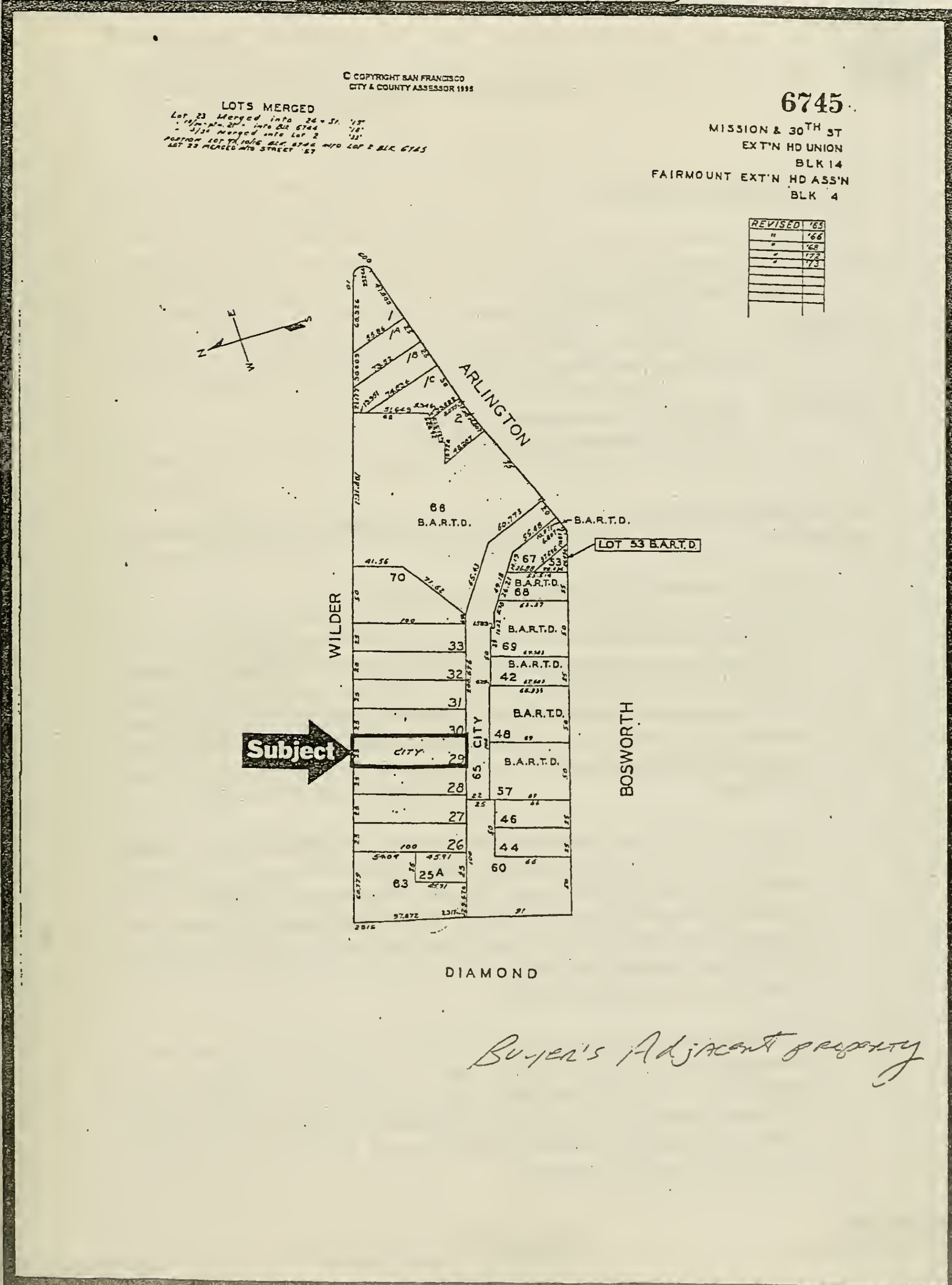
3. According to Mr. Ritter, the Public Library, Division of Real Estate and Glen Park Marketplace Phoenix, LLC are in discussion concerning the potential inclusion of a new Glen Park Branch Library as part of the proposed multi use development project. However, this matter has not been finalized. Mr. Ritter states that the City could potentially purchase condominium space in the proposed development for the Branch Library. Such a purchase by the City would require future approval by the Board of Supervisors. The City currently leases approximately 1,500 square feet of space for the Glen Park Branch Library for a monthly rent of $1,875 ($22,500 annually) or $1.25 per square foot per month, at 653 Chenery Street. The existing lease terminates on January 31, 2005. Mr. Ritter estimates that, at the earliest, the proposed development project would not be completed until sometime in the year 2004.

4. According to Mr. Ritter, Glen Park Marketplace Phoenix, LLC has not yet submitted plans to the Department of City Planning for the proposed mixed use development that would include the subject property to be sold by the City. The process for obtaining approval of the development project and beginning construction would involve the following additional steps as shown in Attachment 2.

- Conclude negotiations with the Public Library and a potential grocer for sale of condominium space;
- Develop project drawings and engage necessary consultants, including traffic analysts;
- Apply for conditional use approval and any necessary variances from the City Planning Commission;
- Obtain necessary entitlements for the proposed project;
- Obtain building permits;
- Commence construction.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Assessor's Map



City and County of San Francisco

Real Estate Division
Administrative Services Department

MEMORANDUM

November 7, 2001

VIA FACSIMILE 252-0461

TO: Ken Bruce
Budget Analyst Office

FROM: Larry Ritter
Principal Real Property Officer

SUBJECT: **Resolution Authorizing Sale of Lot 29 in Assessor Block 6745**

As requested, the following is in response to your questions regarding this transaction:

1. Why is competitive bidding impractical or impossible:

   The City lot is encumbered with a main sewer line running down the middle of the lot. The sewer line would have to be relocated to develop the City lot. It is more practical for the buyer (adjoining owner) to deal with this situation. The buyer can relocate the sewer onto his adjacent property, leave the sewer in place and utilize this area for open space or parking in conjunction with his project or re-route the sewer down City streets.

   The City through the Department of Parking & Traffic currently leases Lots 26, 27 & 28 (see attached map) from the buyer for off-street metered parking. The lease expires December 31, 2001. The Agreement provides that the City can lease back its lot at no cost and extend the existing lease until such time that the buyer/developer has obtained all necessary approvals and permits for his project, which is estimated to be December, 2002.

   The Department of Parking and Traffic and buyer have entered into a Memorandum of Understanding with the intent to negotiate an agreement to provide neighborhood use of parking spaces in the commercial portion of the proposed project after closing hours. Details of such an agreement will be negotiated among Parking and Traffic, the buyer and the grocery operator.

(415) 554-9850
FAX: (415) 552-9216

Office of the Director of Property
25 Van Ness Avenue, Suite 400

San Francisco, 9410

Additionally, assembly with the adjacent site will improve the opportunities not only for housing, as called for by the General Plan Conformity Findings, but also for a neighborhood-serving grocery store and possibly a branch library.

2. What was the basis of the fair market value appraisal?

   The City contracted with Carneghi-Bautovich and Partners, Inc. to prepare a fair market value appraisal. The value as of June 2000 was $375,000, based on potential for development of 3 units, less an estimated $90,000 to relocate the sewer main or $285,000. Although the appraisal is over one year old, Mr. Carneghi has recently stated that the value today would most likely be less due to the economic slowdown and resulting deteriorating market conditions.

3. What remains to be done before the buyer/developer can proceed with the Project?

   Over the next 9 months, Glen Park Marketplace Phoenix, LLC ("GPMP") will:

   - Conclude negotiations with Library for a condominium sale to the San Francisco Public Library for 9,200 square feet in the to-be-constructed building and conclude negotiations with a grocery store operator
   - Develop schematic drawings, engage other necessary consultants including traffic analysts
   - Apply for conditional use approval and any necessary variances
   - Obtain necessary entitlements

   Within the next 12 months, GPMP will:

   - Obtain building permits
   - Commence construction

Item 8 - File 01-1934

Department: Public Health (DPH)

Item: Ordinance amending Section 10.154 of the Administrative Code to increase the cash revolving account for the Department of Public Health from $25,000 to $43,000.

Description: Article XV, Section 10.125 of the Administrative Code authorizes the amounts contained in various departmental Cash Revolving Funds. A Cash Revolving Fund, otherwise known as a petty cash fund, is a Fund with a specifically appropriated amount that a department may use to make change for cash transactions, make petty cash purchases or make disbursements which cannot be conveniently made by warrants drawn by the Controller.

The proposed ordinance would amend Section 10.154 of the Administrative Code by increasing the amount authorized for the DPH's Cash Revolving Fund by $18,000, or 72 percent, from $25,000 to $43,000. According to Mr. James Alexander of the DPH, the DPH uses its Cash Revolving Fund for such operating expenses as providing cash stipends to health-related research study participants, petty cash transactions, prepaid purchase orders and reimbursements for the Wedge program ($40 to $50 payments to high school students who are recruited to speak before their peers). According to Mr. Alexander, stipends paid to research study participants constitute the largest component of the Cash Revolving Fund.

Although the Administrative Code presently authorizes a maximum DPH Cash Revolving Fund balance of $25,000, Mr. Alexander reports that the department's Cash Revolving Fund balance is currently $33,000.

Mr. Alexander reports that the DPH needs an additional $10,000 in this Cash Revolving Fund to pay for stipends for persons involved in new grant-funded public health and HIV/AIDS research studies. Mr. Alexander advises that a $43,000 Fund balance would allow the DPH to manage its Cash Revolving Fund expenses more

efficiently and effectively. Therefore, Mr. Alexander advises that the DPH is requesting that the Administrative Code be amended to increase DPH's Cash Revolving Account from $25,000, its present authorized amount according to the Administrative Code, to $43,000.

Comments:

1. Ms. Pamela Levin of the Controller's Office reports that the Controller's Office believes that DPH's request to increase their Cash Revolving Fund from $25,000 to $43,000 is reasonable based on (a) the information provided by the DPH on the use of its Fund and (b) the Controller's analysis of the number of times the fund has been replenished. According to Mr. Alexander, for the 12-month period from July 1, 2000 through June 30, 2001, the DPH requested replenishment of the DPH Cash Revolving Fund 182 times, or an average of over 15 times per month. Mr. Henry Leigh of the Controller's Office reports that departments typically should request replenishment of their Cash Revolving Funds one to four times per month. Mr. Alexander advises the DPH Cash Revolving Fund would only need to be replenished approximately eight times per month if its Fund balance is increased to $43,000 instead of 15 times per month as is presently the case.

2. This request only amends the Administrative Code to authorize an increase in the Cash Revolving Fund balance and does not result in an additional appropriation of monies.

Recommendation: Approve the proposed ordinance.

Item 9 – File 01-1794

Department: Arts Commission

Item: Ordinance amending the San Francisco Administrative Code by amending Section 10.100-32 to expressly allow for accumulation of interest on any amount deposited in the Arts Commission's Street Artist Fund.

Description: On May 24, 1999, the Board of Supervisors approved an ordinance (File 99-0737), which amended the Administrative Code to (1) formally establish the Street Artist Fund and to (2) allow interest earnings on any balance of monies in the Street Artist Fund to be credited to the Street Artist Fund instead of to the General Fund. However, on December 18, 2000, the Board of Supervisors approved another ordinance (File 00-1911), which amended the Administrative Code to require that if a special fund has an average monthly balance in excess of $50,000, interest earnings from the special fund would be credited to the special fund but that if the special fund had an average monthly balance of $50,000 or less, the interest earnings from that special fund would be credited to the General Fund, unless otherwise stated or required by law.

This proposed ordinance would amend Section 10.100-32 of the Administrative Code to require (1) that interest earnings be credited on any balance of monies accumulated in the Street Artist Fund; and, (2) that all interest earnings become part of the principal of the Street Artist Fund. Mr. Lazar advises that the purpose of the proposed ordinance is to clarify the administration of the Street Artist Fund and to restore the provision that all interest earned on the monies in the Street Artist Fund, regardless of the balance of the Fund, should be credited to the Street Artist Fund and no interest earned should be credited to the General Fund.

Comments: 1. Mr. Howard Lazar of the Arts Commission states that the source of all expenditures pertaining to the Street Artists Program, which are subject to appropriation approval of the Board of Supervisors, are the application and license fees collected from Street Artists and deposited to the Street Artist Fund. The Street Artists Program is not allocated any General Fund monies. Street Artists' license fees are currently $87.50 per quarter or $350 annually. In addition,

the initial application fee by Street Artists is currently $20. Mr. Lazar reports that the Board of Supervisors last increased these Street Artists' fees in 1991. According to Mr. Lazar, the Street Artists Program annually generates on average $135,000 in application and license fee revenues.

2. Ms. Pamela Levin of the Controller's Office advises that the Street Artist Fund balance was $132,504, as of November 7, 2001. Ms. Levin reports that the Street Artist Fund has an average monthly balance of approximately $150,000 and the Controller's Office posts to the Street Artist Fund the full amount of interest earned each month. Ms. Levin advises that the Controller's Office posted $8,571 to the Street Artist Fund for FY 2000-2001.

3. Ms. Levin states that the proposed ordinance would clarify that all interest earned from monies deposited to the Street Artist Fund, regardless of the amount of the Fund balance, would be credited to the Street Artist Fund and that no such interest would be credited to the General Fund.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

.25

1/01

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN that the meeting of the Finance Committee scheduled for Wednesday, November 21, 2001 at 10:00 a.m. at 1 Dr. Carlton B. Goodlett Place, Room 263, City Hall, San Francisco, California, has been **cancelled**.

Gloria L. Young, Clerk of the Board

FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library
100 Larkin Street Govt Information Center

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Sophie Maxwell

Clerk: Gail Johnson

Wednesday, November 28, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 10:10 a.m.

011665 **[Proposed expenditure of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 2001-02]**

Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents (CHIP) funds for Fiscal Year 2001-02 and that the President or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP funds for the Fiscal Year 2001-02. (Public Health Department)

11/7/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration at the November 21, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jeff Leong, Department of Public Health; Ben Rosenfield, Mayor's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011905 **[Reserved Funds, Department of Human Services]**

Hearing to consider release of reserved funds, Department of Human Services (Fiscal Year 2000-01 Budget "Homeless Services Coordination", Ordinance 180-00), in the amount of $250,000 to strengthen and improve services in the single adult homeless shelters. (Human Services Department)

(Supervisor Peskin dissenting in Committee)

10/22/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michelle Byrd, Department of Public Health; James Oselski, CATS; Janet Gorian, Executive Director, CATS.
Release of reserved fuds in the amount of $191,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Leno, Maxwell
Noes: 1 - Peskin

011389 **[Management Agreement for the North Beach and Vallejo Street Garages]**

Resolution approving the award of the Management Agreement for the North Beach Garage and the Vallejo Street Garage to Pacific Park Management Incorporated. (Parking and Traffic Department)

(Fiscal impact.)

7/30/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee.

8/28/01, TRANSFERRED to Finance Committee.

10/10/01, CONTINUED TO CALL OF THE CHAIR. Speakers: None.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ron Szeto, Acting Director, Parking Authority.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011883 **[Prop J Contract, Pacific Park Management, Inc.]**

Resolution approving: (1) The Controller's certification that Employee Parking Management Services for San Francisco International Airport can practically be performed by private contractor at a lower cost than if work were performed by city employees at budgeted levels, and (2) The contract between Pacific Park Management, Inc., and the City and County of San Francisco, acting by and through its Airport Commission, to provide said services. (Airport Commission)

(Fiscal impact.)

10/16/01, RECEIVED AND ASSIGNED to Finance Committee.

11/7/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011884 **[Airport Operating Agreement]**

Resolution approving the Airport Public Facilities Operating Agreement between Ampco System Parking and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

(Fiscal impact.)

(Supervisor Peskin dissenting in Committee)

10/16/01, RECEIVED AND ASSIGNED to Finance Committee.

11/7/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Maxwell

Noes: 1 - Peskin

011552 [Reserved Funds, Public Utilities Commission - Hetch Hetchy]

Hearing to request release of reserved funds, Public Utilities Commission - Hetch Hetchy (Fiscal Year 2001-02 Budget), in the amount of $25 million to fund the purchase of electrical power for resale for the remainder of the fiscal year. (Public Utilities Commission)

11/9/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kingsley Okereke, Director of Finance, Public Utilities Commission.

Release of reserved funds in the amount of $25 million approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

ADJOURNMENT

The meeting adjourned at 11:45 a.m.

5

01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 21, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: November 28, 2001 Finance Committee Meeting

Item 1 - File 01-1665

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 2001-02, and authorizing that the President of the Board of Supervisors, or duly authorized representative of the Board of Supervisors of the City and County of San Francisco, can certify the County Description of Proposed Expenditure of CHIP funds for FY 2001-02.

Amount: $4,136,456

Source of Funds: California Healthcare for Indigents Program (CHIP)

Description: The State Department of Health Services (DHS) established the California Healthcare for Indigents Program (CHIP) in 1989 to provide funds to California counties to pay for medical services for indigent persons who are not eligible for other private or public health care programs. CHIP is funded by Proposition 99 (Tobacco Tax) money. California counties use CHIP funds to reimburse both County and non-County providers for uncompensated services for indigent persons who are not able to otherwise pay for the cost of such health services.

CHIP funds are used to reimburse (a) participating County and non-County hospitals for inpatient, outpatient, and emergency services, and (b) participating private physicians for emergency, obstetric, and pediatric services, provided to indigent persons.

State regulations require that the County submit to the State, on an annual basis, a description of the County's proposed expenditures of CHIP funds, and that the President of the Board of Supervisors, or duly authorized representative, certify the subject expenditure description. The proposed resolution would authorize the County Description of Proposed Expenditure of the subject CHIP funds for FY 2001-02.

Proposed Expenditures of CHIP Funds:

The allocation of the CHIP funds for FY 2001-02 is as follows:

County Hospital Fund	$3,374,275
Non-County Hospital Fund	261,630
Physician Services Fund	102,245
Other Health Services Fund	398,306
Total CHIP Funds	**$4,136,456**

Comments:

1. As shown in the Attachment provided by the DPH, the CHIP allocation by each Fund noted above, is as follows:

County Hospital Funds

DPH has allocated $3,374,275 in County Hospital Funds for indigent services at San Francisco General Hospital (SFGH), including administrative costs, and the Child Health and Disability Prevention (CHDP) services at SFGH.

SFGH Services	$2,826,909
CHDP Services	118,523
DPH Administrative Costs	428,843
Total County Hospital Fund	$3,374,275

Non-County Hospital Fund

DPH has allocated $261,630 to the Non-County Hospital Fund, including $130,815, or 50 percent, to 6 local non-County hospitals (California Pacific Medical Center, Chinese Hospital, University of California at San Francisco Medical Center, St. Francis Hospital, St. Luke's Hospital, and St. Mary's Hospital), based on the State's mandated formula, and $130,815, or 50 percent, to reimburse these local non-County hospitals on a discretionary basis.

State-mandated Funds		$130,815
Discretionary Funds		
Hospital Reimbursement	116,425	
Professional Services Contract*	14,390	
Subtotal Discretionary Funds		130,815
Total Non-County Hospital Fund		$261,630

* Mr. Jeffrey Leong of DPH states that DPH has an existing professional services contract with Lifemark, Incorporated, to process medical claims for reimbursement from private hospitals and physicians.

Physician Services Fund

DPH has allocated $102,245 to the Physician Services Fund, including $51,123, or 50 percent, to Emergency Medical Services (EMS), and $51,122, or 50 percent for new contracts.

Emergency Medical Services		
EMS	$ 46,011	
Professional Services Contract	5,112	
Subtotal EMS		51,123
New Contracts		
EMS	13,833	
Child Health and Disability Prevention (CHDP)	32,177	
Professional Services Contract	5,112	
Subtotal New Contracts		51,122
Total Physician Services Fund		$102,245

Other Health Services Fund

DPH has allocated $398,306 for other health services, including reimbursements for indigent services at SFGH and Child Health and Disability Prevention (CHDP) services at SFGH, and administrative costs.

SFGH	$325,810
CHDP	14,273
DPH Administrative Costs	58,223
Total Other Health Services Fund	$398,306

2. In September of 2001, the Board of Supervisors authorized DPH to accept and expend up to $4,826,945 in CHIP funds (File 01-1609). According to Mr. Leong, the final total State allocation is $4,136,456, the amount to be certified to the State under the proposed subject resolution.

3. The Board of Supervisors approved the total CHIP fund expenditure of $4,826,945 in the DPH FY 2001-02 budget. The actual amount of $4,136,456 allocated by the State in FY 2001-02 is $690,489, or approximately 14.3 percent, less than the budgeted amount of $4,826,945. Mr. Leong states that the reduction in the State allocation of CHIP funds resulted from changes in the California FY 2001-02 budget that diverted Tobacco Tax funds away from the CHIP-funded County services to fund other State health programs. Mr. Leong advises that this change in the CHIP allocation to the County will be offset by a reduction in the amount allocated for CHIP programs and will not result in increased General Fund contributions to DPH for FY 2001-02.

Recommendation: Approve the proposed resolution.

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

HOSPITAL SERVICES FUND DETAIL SHEET

COUNTY HOSPITAL FUNDS

Revenue

County Hospital Allocation	$3,374,275
Interest Carryover from Prior Year	$
Projected Interest for FY 2001-02	$
Total	$3,374,275

Appropriations for Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	SFGH	2,826,909

Appropriations for Administrative Costs by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPADMIN	CHS	426,525
HCHCHIPADMIN	CHS (overhead)	2,318

Appropriations for CHDP Treatment Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	SFGH	118,523

Total $3,374,275

Unexpended interest will be returned to the S[illegible] extends the CHIP/RHS funding

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

HOSPITAL SERVICES FUND DETAIL SHEET

NONCOUNTY HOSPITAL FORMULA FUNDS

Revenue

Noncounty Hospital Formula Allocation	$ 130,815
Interest Carryover from Prior Year	$
Projected Interest for FY 2001-02	$
Total	$ 130,815

Appropriations for Services by Budget Unit

Budget Unit # HCHCHIPSVCS	Title Medical Svcs. Cts.	130,815
Budget Unit #	Title	
Budget Unit #	Title	
Budget Unit #	Title	
Budget Unit #	Title	
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Budget Unit #	Title	
Budget Unit #	Title	
Budget Unit #	Title	
Budget Unit #	Title	
Total		$ 130,815

*Unexpended interest will [illegible] returned to the State unless legislation extends the CHIP/RHS funding

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

HOSPITAL SERVICES FUND DETAIL SHEET

NONCOUNTY HOSPITAL DISCRETIONARY FUNDS

Revenue

Noncounty Hospital Discretionary Allocation	$ 130,815
Interest Carryover from Prior Year	$
Projected Interest for FY 2001-02	$
Total	$ 130,815

Appropriations for Services by Budget Unit

Budget Unit #	Title	
HCHCHIPSVCS	Medical Svcs. Cts.	116,425

Appropriations for Administrative Costs by Budget Unit

Budget Unit #	Title	
HCHCHIPSVCS	Professional Svcs.	14,390

Appropriations for CHDP Treatment Services by Budget Unit

Budget Unit #	Title	

Total $ 130,[illegible]

[illegible]

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

PHYSICIAN SERVICES FUND DETAIL SHEET

PHYSICIAN SERVICES - EMERGENCY MEDICAL SERVICES (EMS) FUNDS

Revenue

Physician Services - EMS Allocation	$ 51,123
Interest Carryover from Prior Year	$
Projected Interest for FY 2001-02	$
Total	$ 51,123

Appropriations for Services by Budget Unit

Budget Unit #	Title	
HCHCHIPSVCS	Medical Svcs. Cts.	46,011

Appropriations for Administrative Costs by Budget Unit (not to exceed 10% of the Physician Services Account)

Budget Unit #	Title	
HCHCHIPSVCS	Professional Svcs.	5,112
Total		$ 51,123

[illegible] the State unless legislation extends the [illegible]

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

PHYSICIAN SERVICES FUND DETAIL SHEET

PHYSICIAN SERVICES - NEW CONTRACT FUNDS

Revenue

Physician Services - New Contract Allocation .... $ 51,122

(Not to exceed 50% of the total Physician's Services Account on Table 1 for CHIP counties)

Interest Carryover from Prior Year .... $ ______

Projected Interest for FY 2001-02 .... $ ______

Total .... $ 51,122

Appropriations for Obstetric Services by Budget Unit

Budget Unit #	Title	Amount

Appropriations for Pediatric Services by Budget Unit

Budget Unit #	Title	Amount

Appropriations for Emergency Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	Medical Svcs. Cts.	13,833

Appropriations for CHDP Treatment Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	Medical Svcs. Cts.	32,177

Appropriations for Administrative Costs by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	Professional Svcs.	5,112

Total .... $ 51,122

Unexpended interest will be returned to the State unless legislation extends the CHIP/RHS funding

County of San Francisco

FY 2001-02 Description of Proposed Expenditure of CHIP/RHS Program Funds

OTHER HEALTH SERVICES FUND DETAIL SHEET

Revenue

Other Health Services Allocation	$ 398,306
Interest Carryover from Prior Year	$
Projected Interest for FY 2001-02	$
Total	$ 398,306

Appropriations for Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	SFGH	325,810

Appropriations for Administrative Costs by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	CHS (overhead)	58,223

Appropriations for Equipment by Budget Unit

Budget Unit #	Title	Amount

Appropriations for CHDP Treatment Services by Budget Unit

Budget Unit #	Title	Amount
HCHCHIPSVCS	SFGH	14,273

Total $ 398,306

Unexpended interest will returned to the State unless legislation extends the CHIP/RHS funding

Item 2 - File 01-1905

Department: Human Services

Item: Hearing to consider the release of reserved funds in the amount of $250,000 to strengthen and improve services in the City-funded single adult homeless shelters.

Amount: $250,000

Source of Funds: General Fund monies reserved in the Fiscal Year 2000-2001 Department of Human Services (DHS) budget.

Description: During the FY 2000-2001 budget hearings, the Board of Supervisors appropriated and placed on reserve, $250,000 in the DHS budget for homeless services coordination pending recommendations by the Local Homeless Advisory Board on how to strengthen and improve homeless services at the City's seven single adult homeless shelters. In November of 2000, the Local Homeless Advisory Board, a 34 member board of which 15 are appointed by the Mayor, 11 are appointed by the Board of Supervisors and 8 are Department Heads, in collaboration with staff of City-funded homeless shelters, issued preliminary recommendations for improvements to homeless services. According to Ms. Michele Byrd of DHS, the DHS did not review or act upon those recommendations in FY 2000-2001 because DHS was in the process of reorganizing the programs and services offered at two of the City's seven single adult homeless shelters, the Multi-Service Center South and Next Door (formerly the Multi-Service Center North).

Ms. Byrd states that DHS and the Local Homeless Advisory Board are currently in agreement that the $250,000 in reserved funds should be expended for (a) capital improvement to single adult homeless shelter facilities in order to improve the living environments, and (b) staff training and development. The reserved funds in the amount of $250,000 would be used to pay for (a) capital improvements at five of the seven City-funded single adult homeless shelters at a total estimated cost of $170,000, (b) training sessions for staff at all seven shelters at an estimated total cost of $21,000, and (c) a

consultant to develop a staff training manual at an estimated total cost of $59,000.

Budget:

A summary budget for (a) capital improvements at five of the seven City-funded single adult homeless shelters at a total cost of $170,000, (b) staff training at a total cost of $21,000, and (c) a consultant to develop a staff training manual at a total cost of $59,000 is as follows:

Shelters to Receive Capital Improvements	Estimated Costs
A Man's Place	$20,200
A Woman's Place	43,100
Central City Hospitality House	55,478
Dolores Street	24,000
Episcopal Sanctuary	27,222
Subtotal-Capital Improvements	*$170,000*
Training	
Training for City-Funded Single Adult Homeless Shelters (for all of the five shelters cited above and for the Multi-Service Center South shelter and the Next Door shelter)	$21,000
$3,000 x 7 shelters (see Comment No. 2)	
Consultant to Develop Training Manual (see Comment No. 4)	59,000
Subtotal-Staff Training	*$80,000*
Total-Capital Improvements and Training	***$250,000***

Attachment I, provided by DHS, provides additional budget details for the summary budget shown above.

Comments:

1. Each of the seven City-funded shelters, as listed in Attachment II, is operated by a nonprofit agency under contract with the City. Ms. Byrd reports that DHS would amend its existing contracts with each of the seven nonprofit agencies that operate the seven single adult homeless shelters to include these one-time funds in FY 2001-2002 only. According to Ms. Byrd, the $250,000 in reserved funds would be expended by June 30, 2002. Ms. Byrd reports that the five shelters to receive funds for

both capital improvements and training are: A Man's Place and A Woman's Place, which are both operated by Community Awareness and Treatment Services, the Central City Hospitality House, which is operated by the Central City Hospitality House, the Dolores Street Shelter, which is operated by Dolores Street Community Services, and the Episcopal Sanctuary Shelter, which is operated by Episcopal Community Services. Ms. Byrd further advises that the Multi-Service Center South, which is operated by St. Vincent de Paul and Next Door, which is operated by Episcopal Community Services, would receive training funds only.

2. Each of the seven City-funded single adult homeless shelters would receive $3,000 for a total of $21,000 in one-time funds for staff training. According to Ms Byrd, staff training in the following five areas at all of the seven City-funded shelters is requested as part of the release of reserves: (1) customer service; (2) substance abuse; (3) mental health; (4) coping with learning disabilities; and (5) cultural diversity. Ms. Byrd states that the training is intended to improve services for the shelter's clients. All Shelter Monitor staff, Case Managers and Supervisors at each of the seven City-funded shelters would attend training sessions at a cost of $3,000 per shelter. According to Ms. Byrd, the shelters usually select their own trainers. However Ms. Byrd advises that DHS will work with the seven shelters in order to ensure that all shelter staff have access to appropriate and comprehensive training from the same trainer.

3. Ms. Byrd advises that because the nonprofits are required to submit invoices for payment for all capital improvements and training costs, DHS would be able to monitor the expenditure of such one-time funds for their intended purposes. Ms Byrd further states that each of the five shelters to receive funds for capital improvements as outlined in Attachment I would obtain contractors through a competitive bid process for the capital improvements.

4. The $59,000 budgeted for a training manual to use for future training will fund a consultant [illegible] and analyze appropriate training [illegible] develop a

comprehensive training manual for use in all of the seven City-funded single adult homeless shelters. According to Ms. Byrd, because this project is estimated to require approximately 600 hours and the average rate for a consultant ranges from $80 to $120 per hour, DHS has budgeted $59,000 for the project. Ms. Byrd further reports that DHS has not yet selected the consultant to develop the training manual for the shelters through a Request for Qualifications (RFQ) process. Therefore, the Budget Analyst recommends that the $59,000 for a consultant continue to be reserved pending contractor selection and submission of budget details.

Recommendations:

1. Approve the release of $191,000 of reserved funds out of the requested $250,000, including $170,000 for capital improvements and $21,000 for training.

2. Continue to reserve $59,000 pending the completion of the RFQ process including consultant selection and submission of budget details for a consultant to develop a training manual as discussed in Comment No. 4.

**Community Awareness & Treatment Services, Inc.
Capital needs for year 2001-2002**

A Man's Place	Estimate
Outside Doors - by patio - old and hard to shut	2,500
Men's toilet, install commercial units	5,700
Vents in men's room, need to install	3,500
Ventilation system in sleeping area	8,500
Total	20.200

A Woman's Place	
ADA Front Door Ramp	18,000
Front Doors – also for ADA compliance	8,000
Roof Patio repair	1,000
In Bathroom, dressing area – wall damage	4,500
Shower stalls replace stall dividers	3,500
Front window tinting	1,500
Replace window covering – shades	3,500
Security system – replacement	1,500
Front lobby desk replace	1,000
Dorm door needs replacement	600
Total	43.100

Central City Hospitality House
Capital Needs Request

Repair Shelter Entry Stairs	$33,138
Replace Cabinets in living area of shelter	$ 5,964
New ventilation in showers	$ 4,500
Repair janitor's closet	$ 4,636
Replace linen closet	$ 1,334
Paint inside of shelter	$ 2,406
Replace Iron Gate	$ 3.500
TOTAL	$55,478

Dolores Street Community Services
Capital Needs Request

Install new showers and repair existing showers	$20,000
New commercial refrigerator	$ 4,000
Total	$24,000

THE SANCTUARY WISH LIST

1. 75 sheets plywood to put under half of the beds. We have plywood in some of the beds on each floor. Some clients feel the spring bunks are way too soft and want plywood but we do not have enough beds fixed that way.

   75 sheets @ $22.99 per sheet + tax **$1,867.00**

2. New partitions for the men's floor Bathrooms. The existing ones are rusted and falling apart.

   Partitions for 12 toilet stalls and 7 shower stalls
   $16,780.00

3. Currently there is no antenna for the televisions. Reception is extremely poor. We have TV's two rooms one each floor

   TV antenna and antenna wiring plus installation **$2,700.00**

4. We currently have only overhead lighting in the women's lounges. They would like smaller floor lamps as well. We would like more framed pictures or posters to put in the dorms.

   Lamps & pictures **$500.00**

5. Our large commercial refrigerator died a year ago. We have been using small, older, donated residential refrigerators. These are less efficient for space and cost significantly more to use.

   Commercial refrigerator **$4,222.00**

6. The women's floor has been repainted. We have not been able to do the men's floor. We need 20 gallons of paint to complete the project.

   20 gallons of latex enamel **$341.00**

7. There are 3 windows on the men's floor that are fogged and damaged. We have not been able to replace these with regular glass that you can see out of.

   3 Large glass windows with installation $812.00

[illegible] $27,222.00

Estimated Training Budget

Training $21,000

The rates for training sessions range from $350 to $500 per session depending on the number of individuals per session and the number of topics covered. The shelters have selected the following topics Customer Service, Substance Abuse, Mental Health, Coping with Learning Disabilities and Cultural Diversity. Since each of the shelters staffing configurations differ, it will be at the discretion of each shelter to determine how the training session will look. Each shelter will be allowed $3000 to cover their training needs. ($3000 x 7 Shelters = $21,000)

Consultant $59,000

The average rate for a consultant ranges from $80 to $120 an hour. We anticipate that it will take the consultant approximately 600 hours to do the research and analysis to produce the training manual. In order to cover the costs for consultant we are allocating $59,000

The consultant will be responsible for developing a comprehensive training manual that all the shelters can use to train their staff. Currently the individual shelters provide training to staff that is not consistent. The consultant will be responsible for reviewing , analyzing and researching the different training curriculum used in the shelters and other training curriculum that is available to develop a universal training manual that all the shelters will use. The end product of the training manual will be turned over to us and we will have the responsibility of reproducing the manual, since it is likely that we will be able to reproduce the manual at a lower price. This manual will be used by all shelters to train staff. As new training topics are developed and provided, the curriculum will be added to the manual.

This selection of the consultant will be through a competitive bid process, Request for Qualifications, to allow us to select the most qualified consultant.

TOTAL TRAINING BUDGET $80,000

Single Adult Homeless Shelters

A Woman's Place – 90 beds
1049 Howard Street

A Man's Place - 119 beds
399 Fremont Street

Central City Hospitality House – 30 beds
146 Leavenworth Street

Dolores Street – 100 beds
938 Valencia Street

Episcopal Sanctuary – 250 beds
201 8th Street

Multi-Service Center South – 380 beds
525 5th Street

Next Door (formerly Multi-Service Center North) – 280 beds
1001 Polk Street

Item 3 - File 01-1389

Note: This item was continued by the Finance Committee at its meeting of October 10, 2001.

Departments: Department of Parking and Traffic (DPT)
Real Estate Division

Item: Resolution approving the award by the Department of Parking and Traffic of a management agreement for the City-owned Vallejo Street Garage and the new City-owned North Beach Garage to Pacific Park Management Incorporated.

Location: The Vallejo Street garage is located at 766 Vallejo Street between Powell and Stockton Streets. The new North Beach Garage is located at 735 Vallejo Street between Powell and Stockton Streets, across the street from the Vallejo Street Garage.

Purpose of Management Agreement: To provide for the operation and maintenance of the Vallejo Street Garage and the new North Beach Garage, two City-owned parking garages, with a combined total of 330 parking spaces. The Vallejo Street Garage has 127[1] parking spaces, which is approximately 38.5 percent of the total parking spaces. The new North Beach Garage will have 203 parking spaces, or 61.5 percent of the total parking spaces.

Description: The proposed resolution would award the management agreement for the Vallejo Street Garage and the new North Beach Garage, two of the 18 City-owned parking garages, to Pacific Park Management Incorporated.

Vallejo Street Garage

The Vallejo Street Garage is open to the public seven days per week for 24 hours per day. Upon completion of the new North Beach Garage, the Vallejo Street Garage will

[1] Although the Vallejo Street Garage has a total of 162 parking spaces, the proposed management agreement would apply to only 127 parking spaces. The City's Police Department occupies the remaining 35 parking spaces with its emergency vehicles because of the close proximity of the Vallejo Street Police Station, located at 766 Vallejo Street, to the Vallejo Street Garage. There is no formal agreement between DPT and the Police Department regarding this arrangement for 35 parking spaces.

be open 12 hours per day, Sunday through Thursday from 10 a.m. to 10 p.m. and 16 hours per day, Friday and Saturday from 10 a.m. to 2 a.m. According to Mr. Steven Lee of DPT, the North Beach Garage is anticipated to be open for operations on January 1, 2002. Currently, the Vallejo Street Garage is managed by the City Parking Company under a month-to-month holdover provision of a five-year management agreement that commenced on September 1, 1993 and expired on August 31, 1998. According to Mr. Lee, the existing management agreement has been held over on a month-to-month basis since August 31, 1998 because DPT was waiting to enter into a new management agreement for both the Vallejo Street Garage and the new North Beach Garage upon the completion of the new North Beach Garage.

<u>North Beach Garage</u>
The old North Beach Garage, built in 1919 with 82 parking spaces, was demolished in 1998 to build a new, larger parking garage. As noted above, Mr. Lee reports that DPT anticipates that construction of the new North Beach Garage will be completed and the garage will be open to the public by January 1, 2002. According to Attachment I, provided by DPT, the total project costs to build the new North Beach Garage were $13,952,276. Attachment I shows the sources and uses of the total estimated project costs of $13,952,276 as well as a debt service schedule for $8,185,000 in proceeds from the Series 2000 bonds at an average interest rate of 5.418 percent. Of the $8,185,000 in proceeds from the Series 2000 bonds, $6,505,183 has been used for project costs. The remaining $1,679,817 has been used for the debt service reserve fund, capitalized interest, underwriters discount and the cost of issuance. In addition to the $6,505,183 in net Series 2000 bond proceeds, the funding sources for the North Beach Garage includes $5,418,499 from DPT's Parking Revenue Fund and $2,028,594 in Series 1994 bonds.[2] The new North Beach Garage will be open to the public seven days per week for 24 hours per day.

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[2] Mr. Lee advises that the Series 1994 bonds in the amount [illegible] 000 in Meter Revenue Bonds issued for various garage projects. [illegible] Series 1994 bonds.

Amount Payable by The City to Pacific Park Management Incorporated:

Management Fee

Under the proposed management agreement, the City would pay Pacific Park Management Incorporated a fixed management fee of $37,762.76 per month which is $453,144[3] for calendar year 2002 and each subsequent year of the proposed three-year management agreement, to operate and maintain the two garages. This fixed management fee of $453,144 is 22 percent of total estimated annual gross revenues of $2,058,193[4] for both garages. As shown in Attachment II, provided by DPT, the management fee for the Vallejo Street Garage is $181,258 and the management fee for the new North Beach Garage is $271,886 for calendar year 2002 and each subsequent year of the proposed three-year management agreement.

Proprietary Expenses

As shown in Attachment II, the City would also pay Pacific Park Management Incorporated proprietary expenses of an estimated $6,125 per month or $73,500 for calendar year 2002 and each subsequent year of the proposed three-year management agreement. Section 2.33 of the proposed management agreement defines proprietary expenses as *"...all capital expenditures, all electricity billings and all insurance and bond premiums specifically approved by the Director* [of the Parking Authority] *as a proprietary expense."* Insurance consists of property insurance, business interruption insurance, and boiler and machinery insurance. According to Section 10.7 of the proposed management agreement, *"All Proprietary Expenses shall be the obligation of the City."* Of the estimated $73,500 payable for proprietary expenses for

[3] Rounded from $453,153.12.

[4] In the Budget Analyst's report on this file issued for the October 10, 2001 Finance Committee meeting, the Budget Analyst based the fiscal impact analysis on "target revenues" of $2,200,000. Since the October 10, 2001 meeting, DPT has informed the Budget Analyst that the estimated annual gross revenue is $2,058,193, which is $141,807 or 6.9 percent less than the target revenues of $2,200,000. Therefore, for the purposes of this report for the November 28, 2001 Finance Committee meeting, the Budget Analyst has based the fiscal impact analysis on DPT's estimated annual gross revenues of $2,058,193.

calendar year 2002 and each subsequent year of the proposed three-year management agreement, $33,500 will be paid for the Vallejo Street Garage and $40,000 will be paid for the new North Beach Garage. As explained in a memorandum of October 1, 2001 from Mr. Lee (Attachment III), DPT does not anticipate a change in proprietary expenses over the three-year term of the proposed management agreement because (a) DPT has accounted for the potential fluctuation in the market price of electricity in the estimated proprietary expenses and (b) DPT does not foresee an increase in the actual insurance costs for the Vallejo Street Garage and the anticipated insurance costs for the new North Beach Garage.

Total Estimated Amount to be Paid Each Year by the City to Pacific Park Management

The City would pay Pacific Park Management Incorporated an estimated $526,644 for calendar year 2002 and each subsequent year of the proposed three-year management agreement to manage the two garages, including $453,144 for the fixed management fee and an estimated $73,500 in proprietary expenses.

Estimated Annual Gross Revenues[5]: Approximately $2,058,193 in calendar year 2002 and each subsequent year of the proposed three-year management agreement. As stated by Mr. Lee in Attachment III, DPT estimates the same amount of $2,058,193 in gross revenues in 2003 and 2004 because "Given the current downturn in the economy, we were conservative and don't anticipate growth for the term of the Management Agreement." As shown in Attachment II, the Vallejo Street Garage is anticipated to generate an estimated $823,277 per year in gross parking revenues and the North Beach Garage is anticipated to generate an estimated $1,234,916 per year in gross parking revenues.

Estimated Annual Net Income to the City[6]: $1,531,549 ($608,519 from the Vallejo Street Garage and $923,030 from the North Beach Garage) in calendar year

[5] Gross revenues equal gross receipts less Parking Taxes.

[6] Net income to the City eq[illegible] gross revenues less manag[illegible]

2002 and each subsequent year of the proposed three-year management agreement based on an estimated $2,058,193 in gross receipts less $453.144 for the fixed management fee and less $73,500 for estimated proprietary expenses. Anticipated annual net income to the City, as shown in Attachment II, does not consider annual debt service for the new North Beach Garage of $427,110 in calendar year 2002, $664,760 in calendar year 2003 and $664,610 in calendar year 2004. When this annual debt service is taken into account, the estimated annual net income to the City becomes $1,104,439 ($1,531,549 less $427,110) in calendar year 2002, $866,789 ($1,531,549 less $664,760) in calendar year 2003 and $866,939 ($1,531,549 less $664,610) in calendar year 2004. As shown in Attachment I, debt service for the Series 2000 bonds for North Beach Garage will be paid off by June 15, 2022. Mr. Lee reports that debt service for the Series 1994 bonds for various garage projects will be repaid by parking meter revenues by June 1, 2020. There is no debt service on the Vallejo Street Garage, according to Mr. Lee.

Incentive Fee:

As noted above, annual gross revenues are anticipated to total $2,058,193 in calendar year 2002 and each subsequent year of the proposed three-year management agreement. According to Mr. Lee, target gross revenues are $2,200,000, which is $141,807 or 6.9 percent more than the estimated annual gross revenues of $2,058,193. Attachment V, provided by DPT, shows how the $2,058,193 in estimated annual gross revenues and the $2,200,000 in target gross revenues were calculated. If annual gross revenues exceed target gross revenues of $2,200,000, then, in addition to the fixed management fee of $453,144 and the estimated proprietary expenses of $73,500, the City would also pay Pacific Park Management Incorporated 15 percent of gross revenues exceeding $2,200,000. If annual gross revenues exceed $2,400,000, then the City would pay Pacific Park Management Incorporated 20 percent of gross revenues exceeding $2,400,000. However, the incentive fee payable to Pacific Park Management Incorporated could not exceed $100,000 for any year under the proposed three-year management agree[illegible]

Term of Agreement: Three years commencing on the opening of the new North Beach Garage, anticipated to be January 1, 2002, and expiring on December 31, 2004. The term of the proposed management agreement could be extended annually for two additional years upon mutual written agreement between the Director of the Parking Authority and Pacific Park Management Incorporated. Upon the expiration of the second one-year extension, the management agreement may be further extended on a month-to-month basis. According to Section 4.3 of the proposed management agreement, *"Any holding over after the expiration of the initial term or either extension shall extend this Management Agreement on a month-to-month basis. Such holding over period shall be on the same terms and conditions of this Management Agreement and the Management Fee paid to Management shall be at the rate in effect during the most recently expired term. Any such period beyond twelve months must be approved by the* [Parking and Traffic] *Commission."* In accordance with the Budget Analyst's prior recommendation included in his report of October 10, 2001 to the Finance Committee, DPT has amended the proposed management agreement to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any such period beyond the initial 12 months of a month-to-month extension (see Comment No. 6).

According to Section 17.1 of the proposed management agreement, the termination provisions are as follows: *"No sooner than eighteen (18) months after the commencement date of this Management Agreement, the Director* [of the Parking Authority] *shall have the right to terminate this Management Agreement, with or without cause, by providing at least one hundred eighty (180) days prior written notice to the Manager of the City's election. Termination shall be effective upon the expiration of the 6-month notice period or at such later date as is specified in the notice. Notwithstanding the foregoing, the Director* [of the Parking Authority] *shall have the right to terminate immediately this Management Agreement upon an Event of Default."*

Capital Improvement Costs:

Capital improvement costs are estimated at $250,000 for the Vallejo Street Garage, of which Pacific Park Management Incorporated is required to pay the first $50,000 and DPT would pay an estimated $200,000. According to Section 8.2 of the proposed management agreement, *"Manager shall complete the capital improvements within twelve (12) months of the date hereof unless the Director grants a written extension. The estimated cost of such capital improvements is approximately $250,000, however, no assurance can be given that such capital improvements will not exceed the estimated cost. Notwithstanding anything in this Management Agreement to the contrary, the costs and expenses incurred by Manager in the performance by it of the obligations set forth in this Section shall be paid as follows: the first $50,000 shall be deemed to be an 'Operating Expense' with the balance deemed a 'Proprietary Expense' under this Management Agreement."* In accordance with the Budget Analyst's prior recommendation included in his report of October 10, 2001 to the Finance Committee, DPT has amended the proposed management agreement to require that capital improvement costs cannot exceed $250,000 over the three-year term of the agreement without first obtaining prior approval of the Board of Supervisors (see Comment No. 6).

Capital improvements include retrofitting the existing lighting system, restriping and painting the interior of the garage and waterproofing the roof and 4th floor levels. Mr. Lee advises that there will be no additional capital improvement costs for the new North Beach Garage.

Comments:

1. According to Mr. Charles Sullivan of the City Attorney's Office, the inclusion of a provision which authorizes the Director of the Parking Authority to make certain modifications, changes, or additions to the management agreement, subsequent to the approval of this proposed legislation by the Board of Supervisors, without further approval from the Board of Supervisors, is standard language [illegible] management agreements. Mr. Sullivan [illegible] is intended to allow the Dire[illegible] to

make non-substantive changes to the proposed management agreement, upon consultation with the City Attorney, without the need for additional approval by the Board of Supervisors.

2. As previously noted, the Vallejo Street Garage is currently operated by City Parking Company under a month-to-month holdover provision of a five-year management agreement that expired on August 31, 1998. Under the provisions of the existing management agreement, the City pays to the City Parking Company a management fee of 32.7 percent of gross revenues generated by the operation of the Vallejo Street Garage. Attachment II shows the amount paid to the City Parking Company in calendar years 1999 and 2000, and the anticipated amount to be paid to the City Parking Company in calendar year 2001. In calendar year 2001 under the existing management agreement, the management fee is estimated to be $316,204 or 32.7 percent of gross revenues and the proprietary expenses are estimated at $230,000 or 23.8 percent of gross revenues. The total estimated amount payable to City Parking Company for calendar year 2001 including the management fee and proprietary expenses is an estimated $546,204 or 56.5 percent of gross revenues for managing the Vallejo Street Garage.

As previously noted, under the proposed management agreement, the City would pay Pacific Park Management Incorporated in calendar year 2002 and each subsequent year of the proposed three-year management agreement a fixed management fee rather than a percentage of gross revenues. The fixed management fee of $453,144, results in Pacific Park Management Incorporated receiving 22 percent of the estimated annual gross revenues of $2,058,193 to manage both the Vallejo Street Garage and the new North Beach Garage. The City would also pay to Pacific Park Management Incorporated an estimated $73,500 annually for proprietary expenses in calendar year 2002 and each subsequent year of the proposed three-year management agreement which would be approximately 3.6 percent of the estimated annual gross revenues. This total estimated annual payment of $526,644 ($453,144 plus [illegible] 2002

and each subsequent year of the proposed three-year management agreement to manage both the Vallejo Street Garage and the new North Beach Garage is approximately 25.6 percent of the estimated annual gross revenues of $2,058,193 and is $19,560 or 3.6 percent less than the $546,204 in management fees and proprietary expenses that the City is projected to pay to City Parking Company in calendar year 2001 just to manage one garage, the Vallejo Street Garage.

3. As shown in Attachment II, in calendar year 2001 under the existing management agreement, the Vallejo Street Garage is projected to generate net income to the City of $420,780. In calendar year 2002 and each subsequent year of the proposed three-year management agreement, the Vallejo Street Garage is projected to generate net income to the City of $608,519 under the proposed management agreement, which is $187,739 or 44.6 percent more than the $420,780 projected to be generated in calendar year 2001 under the existing agreement. According to Mr. Lee, this projected increase in net income to the City results because under the proposed management agreement, DPT will keep all parking revenues and pay the parking operator a fixed management fee to operate the Vallejo Street Garage instead of paying a management fee based on a percentage of the gross parking revenues that is currently being paid under the existing management agreement. The Budget Analyst recommended such fixed management fee arrangements in our 1993 management audit of City-owned garages.

Mr. Lee explains in a November 20, 2001 memorandum to the Budget Analyst (Attachment VI) that the anticipated decrease in annual gross revenues generated by the Vallejo Street Garage under the proposed management agreement as compared to gross revenues generated under the existing management agreement is due to the loss of revenue from valet services. In addition, under the existing management agreement, proprietary expenses include valet services and expenses related to 24-hour operations, which will both cease when the new North Beach Garage opens. As previously noted in the Description Section of this report, the new North Beach

Garage closed in 1998. Under the proposed management agreement, the Vallejo Street Garage will operate seven days per week for 12 hours per day, Sunday through Thursday from 10 a.m. to 10 p.m. and 16 hours per day, Friday and Saturday from 10 a.m. to 2 a.m. The new North Beach Garage will be open seven days per week for 24 hours per day. Mr. Lee reports in Attachment IV that "We (DPT) anticipate that keeping one of the two garages open 24 hours would be sufficient to meet the parking demand during the after hours." Mr. Lee advises that Section 5.2 of the proposed management agreement does include provisions to allow for additional services, which could include valet services, extended operating hours or additional personnel to be provided at the Vallejo Street and/or North Beach Garages. According to Mr. Lee, compensation for such additional services would be at cost plus ten percent of the actual labor costs as stated in Section 5.2 of the proposed management agreement.

4. According to Mr. Jerry Romani of the Real Estate Division, on March 3, 2001, the Real Estate Division (RED), on behalf of DPT, issued an Invitation for Bids to 200 parking companies for the management of the Vallejo Street Garage and the North Beach Garage. Attachment VII, provided by DPT, lists the 17 firms that requested bid packages from RED, the 11 firms that submitted pre-qualification questionnaires and the eight firms that submitted bids which were received by RED on June 15, 2001.

The bid amounts represent the monthly fixed management fee payable by DPT to the parking operator. As noted in Attachment VII, Pacific Park Management Incorporated submitted the lowest monthly management fee bid of $33,986.48 after their original bid of $37,762.76 was adjusted by the Human Rights Commission by 10 percent since Pacific Park Management Incorporated is a locally-owned minority business enterprise (LBE/MBE) firm. According to Mr. Lee, the Human Rights Commission evaluated only the three lowest bids submitted. Therefore, Mr. Lee advises that the bids from the other five parking operator firms were listed as "not in contention" in Attachment VII. Mr. Lee further advises that the lowest bid was from PPS Parking, a firm that was "not certified" as a locally-owned minority business

enterprise (LBE/MBE) firm by the Human Rights Commission, as shown in Attachment VII. Therefore, the bid of PPS Parking of $35,000 was higher than the adjusted bid of $33,986.48 for Pacific Park Management Incorporated.

5. Attachment VIII, provided by DPT, lists the parking rates at the Vallejo Street Garage and the new North Beach Garage as previously approved by the Board of Supervisors on June 4, 2001 (File 01-0868). Mr. Lee notes that these parking rates have been in effect for the Vallejo Street Garage since September 1, 2000, prior to approval by the Board of Supervisors.[7] Mr. Lee reports that the parking rates for the new North Beach Garage will become effective when the garage begins operations which is anticipated to be on January 1, 2002.

6. The Parking and Traffic Commission has amended the subject management agreement to reflect the following two prior recommendations of the Budget Analyst previously made in his October 10, 2001 report to the Finance Committee: (a) In accordance with the Term of Agreement Section of this report, amend the subject management agreement by adding a provision which requires Board of Supervisors approval prior to the Parking and Traffic Commission and Pacific Park Management Incorporated agreeing to extend the management agreement on a month-to-month basis for any period beyond 12 months, and (b) In accordance with the Capital Improvement Costs Section of this report, amend the subject management agreement by adding a provision that capital improvement costs cannot exceed $250,000 over the three-year term of the management agreement without first obtaining prior approval of the Board of Supervisors.

7. In an October 12, 2001 memorandum to the Budget Analyst (Attachment IV), Mr. Lee has responded to various inquiries made by the Budget Analyst.

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[7] In accordance with Section 17.14 of the Administrative Code, the Parking and Traffic Commission can establish parking rates at City-owned parking facilities [illegible] 360 days, without first obtaining approval of the Board of Supe[illegible]

8. Mr. Lee responds in Attachment IV to concerns of the Budget Analyst that the subject management agreement should be amended to increase the incentive fee threshold for years two and three if gross revenues exceed $2,200,000. According to Mr. Lee, "The operators submitted bids that were based on the $2,200,000 Target Revenue...We (DPT) understand your concerns for not increasing the Target Revenue annually and setting a level above what was achieved in the prior year. We will incorporate a percentage annual increase of the Target Revenue for future Management Agreements that have not already been submitted."

Recommendations:

1. The Budget Analyst recommends that the Finance Committee direct a letter to DPT advising DPT that the Committee expects DPT to commit to negotiating all future management agreements so that the initial threshold amount for calculation of incentive fees is adjusted upward in years two and beyond of the management agreements based on the collection of gross revenues in excess of the first year's target revenue amount.

2. Approve the proposed resolution.

NORTH BEACH GARAGE
(Sources and Uses of Funds)

Sources of Funds	Sources of Funds for Expenditures to 3-00	Sources of Funds for Expenditures During Contstruction	Total
A. Parking Revenue Fund (Reimbursement)	5,418,499		5,418,499
B. Series 1994 Bonds - Project Fund	628,594	1,400,000	2,028,594
C. Series 2000 Bonds for Construction (1)		6,505,183	6,505,183
Totals	6,047,093	7,905,183	13,952,276
Uses of Funds	**Expenditures to March 2000**	**Expenditures During Construction**	**Total**
1. Planning and Design Costs	1,004,064	298,000	1,302,064
2. Demolition	232,447		232,447
3. Relocation/Mitigation/PG&E		320,000	320,000
4. DBI Plan Check & Permits	49,886		49,886
5. City Planning Fees		44,502	44,502
6. Construction Management	31,683	600,000	631,683
7. Site Work		235,000	235,000
8. Pouring Concrete, Forming & Post Tension		3,379,319	3,379,319
9. Exterior Details		1,231,000	1,231,000
10. Interior Details		1,140,993	1,140,993
11. Art Enrichment	11,679	105,000	116,679
12. Construction Contingency		583,703	583,703
13. Property Acquisition	4,685,000		4,685,000
Total	6,014,759	7,937,517	13,952,276

(1) Minimum proceeds of $6,505,183 from 2000A Bonds needed to fund balance of the project.
Cost per stall ($68,730)

DEBT SERVICE SCHEDULE

Payment Date	Principal	Interest	Total
December 15, 2000		$181,521.75	$181,521.75
June 15, 2001		213,555.00	213,555.00
December 15, 2001		213,555.00	213,555.00
June 15, 2002		213,555.00	213,555.00
December 15, 2002		213,555.00	213,555.00
June 15, 2003	$245,000	213,555.00	458,555.00
December 15, 2003		206,205.00	206,205.00
June 15, 2004	260,000	206,205.00	466,205.00
December 15, 2004		198,405.00	198,405.00
June 15, 2005	275,000	198,405.00	473,405.00
December 15, 2005		190,155.00	190,155.00
June 15, 2006	290,000	190,155.00	480,155.00
December 15, 2006		183,920.00	183,920.00
June 15, 2007	305,000	183,920.00	488,920.00
December 15, 2007		177,210.00	177,210.00
June 15, 2008	315,000	177,210.00	492,210.00
December 15, 2008		170,122.50	170,122.50
June 15, 2009	330,000	170,122.50	500,122.50
December 15, 2009		162,532.50	182,532.50
June 15, 2010	345,000	162,532.50	507,532.50
December 15, 2010		154,425.00	154,425.00
June 15, 2011	365,000	154,425.00	519,425.00
December 15, 2011		145,665.00	145,655.00
June 15, 2012	380,000	145,665.00	525,665.00
December 15, 2012		136,355.00	138,355.00
June 15, 2013	400,000	136,355.00	536,355.00
December 15, 2013		126,355.00	126,355.00
June 15, 2014	420,000	126,355.00	546,355.00
December 15, 2014		115,645.00	115,645.00
June 15, 2015	440,000	115,645.00	555,645.00
December 15, 2015		104,205.00	104,205.00
June 15, 2016	465,000	104,205.00	569,205.00
December 15, 2016		91,882.50	91,882.50
June 15, 2017	485,000	91,882.50	576,882.50
December 15, 2017		78,787.50	78,787.50
June 15, 2018	515,000	78,787.50	693,787.50
December 15, 2018		64,625.00	64,625.00
June 15, 2019	540,000	64,625.00	604,625.00
December 15, 2019		49,775.00	49,775.00
June 15, 2020	570,000	49,775.00	619,775.00
December 15, 2020		34,100.00	34,100.00
June 15, 2021	605,000	34,100.00	639,100.00
December 15, 2021		17,462.50	17,462.50
June 15, 2022	635,000	17,462.50	652,462.50
Total	$8,185,000	$6,064,961.75	$14,249,961.75

Vallejo Street Garage Revenue

City Parking Company (Management Fee = 32.7% of Gross Revenue)				
Calendar Year	Gross Revenue (after parking tax)	Management Fees	Proprietary Expenses	Net City Income
1999	$937,349	$306,513	$129,041	$501,795
2000	$979,018	$320,139	$154,396	$504,483
2001*	$966,983	$316,204	$230,000	$420,780

* 2001 Figures are January thru July actual and forecasted for August thru December. Valet Services and additional operating hours (part of proprietary expenses) will discontinue when the North Beach Garage is operational. Average monthly costs = $13,000.

New Management Agreement (Management Fee = $453,144/yr for both garages)				
Garage	Anticipated Annual Gross Revenue	Management Fees	Proprietary Expenses	Net City Income
Vallejo Street @ 40%	$823,277	$181,258	$33,500	$608,519
North Beach @ 60%	$1,234,916	$271,886	$40,000	$923,030
Total	$2,058,193	$453,144	$73,500	$1,531,549

Target Gross Revenue = $2,200,000.
Vallejo Street Proprietary Expense = $33,500 ($30,000 electricity & $3,500 insurance).
North Beach Proprietary Expense = $40,000 ($36,000 electricity & $4,000 Insurance).
Revenue and Expenses are projected through the three-year term of the Management Agreement. The anticipated proprietary expenses are direct costs related to each garage and not a percentage of totals.
Net City Income does not reflect payment of debt service.
North Beach Garage Annual Debt Service for calendar year
2002 = $427,110
2003 = $664,760
2004 = $664,610

Insurance
Attached is a memorandum to the proposers from the Real Estate Division dated June 8, 2001 that identifies insurance items that are included in the management fee. The Property insurance, including Business Interruption insurance, and Boiler and Machinery insurance are costs paid by the City above the management fee. The annual premium at the Vallejo Street Garage is $3,500.00 and should be slightly higher for the North Beach Garage.

Date of Advertisement
The Real Estate Division advertised on March 3rd, and 6th, of 2001 in the San Francisco Independent. Notices of the Invitation to Bid were sent out to about 200 parties that are on the mailing list.

Plea[illegible] call me if [illegible] any question.

At[illegible]

R[illegible]

City and County of San Francisco

Real Estate Division
Administrative Services Department

MEMORANDUM

June 8, 2001

VIA FACSIMILIE

TO: Prospective Bidders
North Beach-Vallejo Street Garage Bid

FROM: Jerry Romani
Principal Real Property Officer

SUBJECT: Insurance Costs

You were previously advised that the cost of all insurance and bonds was a proprietary expense. As such, the cost of the insurance and bonds would not comprise a portion of your bid. However, we now request that you include the cost of the comprehensive general liability insurance, business automobile liability insurance, garage-keeper's legal liability insurance, Workers' Compensation Insurance, blanket fidelity bond and faithful performance surety bond, as specified in Article 12 of the subject management agreement, in your bid as an operating expense. The cost of property insurance, including business interruption insurance, and boiler and machinery insurance, also specified in Article 12, will remain as a proprietary expense and should not be included in your bid.

Should you have any questions, please contact me at (415) 554-9876.

cc: Ron Szeto, Parking Authority
Steven Lee, Parking Authority

City and County of San Francisco

SAN FRANCISCO DPT DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: October 1, 2001

TO: Anna Weinstein
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
SF Parking Authority

RE: **Award of the North Beach Garage and Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.**

This memorandum is a supplement to the memo dated September 25, 2001 that addressed the subject matter and additional information that you requested.

In response to your questions in regard to a projection of growth in the revenues and expenses, we have determined that a conservative projection is the most prudent approach. Below are specific answers to your questions.

Question – Why did we not project growth for years 2002 and 2003 of the Management Agreement?

Answer – Given the current downturn in the economy, we were conservative and do not want to anticipate growth for the term of the Management Agreement. However, we are noticing that the smaller neighborhood garages are able to maintain their current status. As this fiscal year progresses and we are able to gather more information, we will include growth, if apparent, within our FY 2002-2003 Budget projections.

Question - Why are the proprietary expenses for electrical and insurance constant for the term of the Management Agreement?

Answer – We decided to make the electrical costs a proprietary expense so that the City would realize costs savings, if any, from a lighting retrofit or reduction in electricity rates. On the other hand, if the electrical costs were to dramatically increase, the operator may not be able to financially cope with this unforeseen increase. At this time, the electrical costs have already increased from the prior year and we do not foresee anymore significant increases through the term of the Management Agreement.
The cost of insurance for the Vallejo Street Garage is one of eleven garages insured through the City's Risk Manager. We do not foresee an increase in the insurance costs for the Vallejo Street Garage for the term of the Management Agreement. At this time, we can only anticipate that the electrical and insurance cost for the North Beach Garage would be slightly higher than the Vallejo Street Garage with the same reasons for the projections.

The revised Exhibit B – Parking Rate Schedule for the North Beach Garage and the Vallejo Street Garage is attached. The revised Parking Rate Schedule reflects what is approved by the Board of Supervisors.

Please do not hesitate to call me at 554-9869 if you have further concerns or questions.

Attach.

SAN FRANCISCO
DPT
DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: October 12, 2001

TO: Maureen Singleton
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
SF Parking Authority

SUBJECT: Award of the North Beach Garage and Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.

This memo will address the questions asked in your fax dated October 9, 2001.

1. Imperial Parking withdrew during the pre-qualification process. The General Manager of Imperial Parking has stated that they were unable to find a HRC Certified Joint Venture Partner that would increase their chances of obtaining the contract without taking a financial risk. A firm that is not HRC Certified would essentially have to submit a bid that was 90% of or less than they anticipate their HRC Certified competitors would submit because of the ratings discount.

   NM Parking elected to withdraw their bid to concentrate on managing the Polk-Bush Garage. Mr. Negusu Merid of NM Parking was concerned that he did not have adequate resources to effectively operate three garages.

2. Construction is still in progress. DPW reports that the project costs should not exceed the original amount, $13,952,276, approved by the Board of Supervisors. Attached is a spreadsheet showing all costs.

3. Attached is a spreadsheet that addresses your questions in relation to the Debt Service. The True Interest Cost for the North Beach Garage is 5.418%.

4. Valet parking was implemented in May of 1998 to provide extra opportunity for residents, merchants and visitors to park their vehicles off-street (reducing traffic congestion by accommodating patrons who would have otherwise been circling the block looking for a space). Since the North Beach Garage was sized to meet the demand of 187 self-park spaces (projected by TJKM, Transportation Consultants), we anticipate less need for valet parking reducing operating costs. However, we will implement valet parking in the future, if needed, during special events.

5. There continues to be a high demand for parking in the area, just not 24 hours per day. Although valet parking has helped, the Vallejo Street Garage continues to be full and vehicles are turned away. We anticipate that keeping one of the two garages open 24 hours would be sufficient to meet the parking demand during the after hours. We will again reduce operating costs without sacrificing services to the community.

6. The Parking Authority combined the two garages into one management agreement to benefit the City with the overall revenues and savings for both garages. The revenues for the Vallejo Street Garage reflect 40% of the total revenue based on the ratio of total parking spaces in both garages. The Management Fee reflects 40% of the total operating hours for both garages. Additionally, the Vallejo Street Garage will not record revenues generated by vehicles that are currently valet parked and both garages will generate more revenues by accommodating vehicles that are turned away when the Vallejo Street Garage is full

7. The attached spreadsheet illustrates the calculations for the Target Revenue. Walker Parking Consultants did not perform the Demand Study. Attached for your review is the study by TJKM Transportation Consultants. Yes, the $2.2 million was specified in the Bid Package that is also attached.

8. We do not feel that Proprietary Expenses should be capped for several reasons.

   a. If the already specified Proprietary Expense (electricity and insurance cost) should increase over the possible six-year life of the agreement, we will have no means of paying for this cost.
   b. If there is a need for valet parking in the future for increased demand or special events.
   c. If the garages should require added security.
   d. There are many unforeseen incidents or events that may occur. Proprietary Expenses provide the Parking Authority with the tools we need to administer the garages.
   e. The [illegible]troller's Audit Division that performs audits [illegible] the term of the [illegible] compliance with the [illegible]

9. The operators submitted bids that were based on the $2.2M Target Revenue. I wrote that we would include growth, if apparent, in the 2002-2003 budget process. We need to review the performance of both garages to make the final projections. We understand your concerns for not increasing the Target Revenue annually and setting a level above what was achieved in the prior year. We will incorporate a percentage annual increase of the Target Revenue for future Management Agreements that have not already been submitted.

10. The computation for the $2.2M Target Revenue is attached as part of the answer for question #7. Please know that we do not want to give away City money. The $2.2M Target Revenue is as it implies and the operator will have to work at achieving this goal and possibly make very little incentive if any. The garages will be busy and we want our customers to return. Providing an incentive to the operators gives them extra motivation to maintain a high level of service to our customers. By maintaining the cleanliness of our facilities, by securing our facilities and by operating the garages as efficiently as possible, keeps our customers coming back.

    When someone parks in a garage, there are many considerations they might take into account before parking. We believe that these are some of the thing that people consider when there looking for a place to park.

    a. Does the garage look safe to park in?
    b. Do I have to have my car valet parked?
    c. Are the rates reasonable?
    d. Do I have options to park somewhere else?
    e. Did I have a bad experience here the last time?
    f. Did my friend recommend parking here?
    g. How difficult is it to enter the garage?
    h. Am I willing to wait to get in?
    i. Was the attendant helpful when I had a problem the last time?

    We want our operators to strive for professionalism, not just show up for the Management Fee.

11. The only deflection we see from the Vallejo Street Garage are the vehicles that are currently being valet parked and the vehicles that are not able to enter the garage when it is full.

We are hopeful that these answers satisfactorily address your concerns. Please do not hesitate to call me at [illegible] if you need further clarification.

At[illegible]

North Beach Garage and Vallejo Street Garage
Calculation for setting Target Revenue

Vallejo Street Garage Gross Transient Revenue (excluding parking tax)
September 2000 through February 2001 (6 months since rate adjustment) = $435,996

Vallejo Street Garage Transient Vehicles
September 2000 through February 2001 (6 months since rate adjustment) = 135,108

Revenue Per Vehicle = $435,996 / 135,108 = $3.23 per vehicle

Transient Vehicles less Valet Parked Transient Vehicles
(6 months since rate adjustment) = 135,108 - 29,543 = 105,565

Garage Turnover (6 months since rate adjustment) based on 127 spaces
= 105,565 vehicles / 182.5 days / 127 spaces = 4.55

Anticipated Annual Transient Revenue for both garages
= 330 spaces x 4.55 turnover x $3.23 per vehicle x 365 days = $1,770,193

Anticipated Annual Monthly Revenue for both garages
= 100 monthlies x $240 x 12 months = $288,000

Total Anticipated Annual Revenue for both garages
= $1,770,193 + $288,000 = $2,058,193

Target Revenue = $2,200,000 = 7% above $2,058,193

Attachment VI

SAN FRANCISCO DPT DEPARTMENT OF PARKING & TRAFFIC

City and County of San Francisco

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: November 20, 2001

TO: Anna Laforte
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
Parking Authority

RE: **Award of the North Beach Garage Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.**

Per your request, this memorandum separately addresses item #6 of the list of questions faxed by your office on October 9, 2001.

Question – Why are the estimated gross revenues for Vallejo Street Garage less under the new management agreement than the gross revenue in 1999, 2000 and 2001?

Answer – The Parking Authority combined the two garages into one management agreement to benefit the City with the overall revenues and savings for both garages. The revenues for the Vallejo Street Garage reflect 40% of the total revenue based on the ratio of total parking spaces in both garages. Additionally, the Vallejo Street Garage will not generate revenues from valet parking when the valet parking is discontinued.

Because of the reasons stated above, the gross revenue for the Vallejo Street Garage is anticipated to be 15% less than the anticipated 2001 calendar year. However, the net revenue to the City is anticipated to be 45% above the anticipated 2001 calendar year.

Please call me should you have additional concerns.

H:\PARKING\Garages [illegible] Memo to A.Laforte.doc

City and County of San Francisco

SAN FRANCISCO DPT DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: September 19, 2001

TO: Anna Weinstein
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
SF Parking Authority

RE: **Award of the North Beach Garage and Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.**

Per our discussion, the following are the items of clarification that you requested.

Interested Firms

	Picked-up Bid Package	11 Submitted Pre-qualification	Submitted Bid	Adjusted for HRC Bid Discount
1	ABC Parking, Inc.			
2	Beach Parking	Yes		
3	Central Parking System			
4	City Park Management			
5	City Parking Company	Yes	$41,753.00	Not in contention
6	Daja, Inc.	Yes	$41,249.76	Not in contention
7	Douglas Parking, LLC			
8	Five Star / Elite Parking	Yes	$42,071.00	Not in contention
9	Imperial Parking	Yes (withdrew)		
10	NM Parking	Yes	$36,836.00 (withdrew)	Withdrew bid
11	Pacific Park Management	Yes	$37,762.76	$33,986.48 w/10%
12	Parking Concepts, Inc.	Yes	$44,348.00	Not in contention
13	Pro Park			
14	PPS Parking	Yes	$35,000.00	$35,000 not certified
15	Royal Valet Parking	Yes	$51,918.00	Not in contention
16	U.S. Parking	Yes		
17	Universal Parking			

(415) 554-PARK FAX (41[illegible] 25 Van Ness Avenue, Suite 410 San Francisco, CA 94102-43

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Human Rights Commission
Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Virginia M. Harmon
Interim Director

MEMORANDUM

To: Jerry Romani, Department of Real Estate
Ron Szeto, Parking & Traffic

From: Bayard Fong
Contract Compliance Officer

Date: July 12, 2001

Re: *Ratings Discounts for the North Beach Garage-Vallejo St. Garage Bid.*

HRC has conducted a review of the top three ranked proposals on the above-identified solicitation to determine compliance with the Chapter 12D.A MBE/WBE/LBE discount and subcontracting requirements. It should be noted that due to the size and scope of this project, the MBE/WBE subconsulting goals were waived.

Based on the Chart below we have made the following findings:

Although PPS Parking had the lowest bid, it did not apply for a rating discount. The next bidder NM Parking has withdrawn its bid. The third bidder, Pacific Park Management - claimed a 10% LBE/MBE rating discount on HRC Form 1. Pacific Park Management is HRC certified as an MBE. Therefore, Pacific Park Management is eligible for a 10% rating discount. Incorporating the discount moves Pacific Park Management into first position.

Proposer	Bid	HRC Rating D	HRC%	Adjusted Bid	Rank
PPS Parking –	$35,000	No	0	$35,000	2
NM Parking –	$36,836	Yes	10	(32,153) withdrew	-
Pacific Park -	$37,762	Yes	10	$33,986	1

In addition, Pacific Park Management is in the process, of coming into compliance with Chapter 12B. Assuming this is completed, Pacific Park Management will be eligible for consideration of award.

If you have any further questions, please don't hesitate to call me. Your cooperation is greatly appreciated.

Cc: Diana Rathbone, HRC
Virginia Harmon, HRC

25 Van Ness Avenue
Suite 800
San Francisco
California 94102-6033

TEL (415) 252-2500
FAX (415) 431-5764
TDD (415) 252-2550
http://www.sfhumanrights.org

Exhibit B
North Beach Garage
Vallejo Street Garage
Parking Rate Schedule

HOURLY PARKING

Day Rates (7am to 7pm) Monday through Saturday

1 Hour	$1.50
2 Hours	$3.25
3 Hours	$5.25
4 Hours	$7.50
5 Hours	$9.50
6 Hours	$12.00
7+ Hours	$15.00

Evening Rates (7pm to 7am) Monday through Saturday
Sunday and Holiday Rates (all day)

1 Hour	$2.50
2 Hours	$5.00
3 Hours	$7.50
4 Hours	$10.00
5+ Hours	$12.50
24 Hours	$27.50
Lost Ticket	$27.50

MONTHLY PARKING

Regular	$300.00
Carpool	$150.00

MISCELLANEOUS CHARGES

Late Monthly Payments	$25.00
Lost Access Card	$25.00
Access Card Deposit	$50.00
Damaged Access Card	$25.00
Reopening Fee	$50.00

Item 4 – File 01-1883

Note: This item was continued by the Finance Committee at its meeting of November 7, 2001.

Department: Airport

Item: Resolution (a) approving Controller's certification that employee parking management services for the San Francisco International Airport can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 2001 than if the work were performed by City and County employees, and (b) approving an operating agreement (contract) between Pacific Park Management Inc., and the City and County of San Francisco, acting by and through its Airport Commission, to provide parking management services at the Airport.

EMPLOYEE PARKING MANAGEMENT SERVICES
PROPOSITION J APPROVAL

Services to be Performed: Employee parking management services

Description: Charter Section 10.104 provides that the City may contract with private firms for services, if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for employee parking management services at the Airport for FY 2001-2002 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$2,559,193	$3,027,553
Fringe Benefits	736,755	810,381
Total	$3,295,948	$3,837,934
Contractual Services Costs[1]	2,285,058	2,511,841
Estimated Savings	$ 1,010,890	$1,326,093

Comments:

1. Employee parking management services at the Airport include management of parking operations for Airport, airline and concession employees, security guard services and janitorial services, according to Ms. Vicki Sundstrom of the Airport.

2. The subject management services were first certified as contractual services as required under Proposition J (Charter Section 10.104) in 1971, and have been continuously provided by an outside contract since then.

3. Ms. Sundstrom advises that ABC Parking Inc./THOR provided employee parking management services to the Airport from September 1, 1999 through August 31, 2001. The Airport had a one-year contract with ABC Parking Inc./THOR from September 1, 1999 through August 31, 2000 with four one-year extensions. According to Ms. Sundstrom, the Airport exercised one of the four one-year contract extensions with ABC Parking Inc./THOR from September 1, 2000 through August 31, 2001. Since August 31, 2001, Ampco System Parking (Ampco) has provided temporary interim employee parking management services under Ampco's contract with the

[1] Contractual Services Costs include contract monitoring by the Airport. When calculating salaries at the highest salary step, such costs increase by $4,031 annually. Contractual Services Costs also include a high and low estimate of the management fee, including a profit and overhead portion. When calculating at the highest salary step, such contract cost increase by $222,752, for a total Contractual Services cost increase of $226,783.

Airport to provide other parking management services including public and employee parking services. Ampco's contract to provide such parking management services was temporarily expanded to include the employee parking management services previously handled by ABC Parking Inc./THOR pending Board of Supervisors approval of the subject proposed new contract for employee parking management services which is estimated to begin on January 3, 2002.

4. Attachment I to this report, provided by the Airport, is the Controller's supplemental questionnaire with the Department's responses. Ms. Sundstrom advises that Attachment I incorrectly shows that the contract period is November 1, 2001 through September 30, 2001. The correct contract period is January 3, 2002 through January 2, 2003.

EMPLOYEE PARKING MANAGEMENT SERVICES OPERATING AGREEMENT

Purpose of Operating Agreement: To provide for the operation and maintenance, including security guard and janitorial services, of the following four parking facilities at the Airport:

(1) Lot DD Garage with approximately 3,212 parking spaces for Airport, airline and concession employees;
(2) Lot DD Surface Lot with 1,600 parking spaces for Airport, airline and concession employees;
(3) West Field Garage with 1,722 parking spaces for Airport, airline and concession employees; and
(4) Lot CC Surface Lot with 300 parking spaces for Airport, airline and concession employees.

The proposed operating agreement would cover a total of 6,834 parking spaces for Airport, airline and concession employees.

Description: The proposed resolution would award a parking operating agreement, including security guard and janitorial services, for the Lot DD Garage, the Lot DD Surface Lot, the West Field Garage and the Lot CC Surface Lot to Pacific Park Management.

Amount Payable by Airport to Pacific Park Management: Not to exceed $2,808,336.64[2] during the first year of the proposed operating agreement from January 3, 2002 through January 2, 2003. Attachment II, provided by the Airport, provides budget details for the estimated cost of $2,808,336.64 for the proposed operating agreement. Attachment III, provided by the Airport, provides budget details for the estimated management fee in the amount of $271,772 or 9.7 percent of the total estimated operating agreement costs of $2,808,336.64.

In her October 29, 2001 memorandum to the Budget Analyst (Attachment IV) Ms. Sundstrom explains that the Airport is unable at this time to estimate the cost of the proposed operating agreement beyond the first year (the operating agreement includes 4-one year options to extend this agreement) "due to the current climate caused by the events of September 11, 2001."

According to the terms of the proposed operating agreement, the Airport Commission would be required to approve the Annual Cost Proposal prepared and submitted by Pacific Park Management to the Airport during the term of this agreement. This Annual Cost Proposal would include the management fee and estimated direct costs of operating the employee parking facilities. According to Ms. Sundstrom, the Annual Cost Proposal, and thus the contractual services costs for future years, could vary depending on the level of services required by the Airport. However, according to the terms of the proposed operating agreement, Pacific Park Management cannot incur any expenses for such parking operations unless and until the Airport Commission approves such expenses, which would occur on an annual basis (see Comment No. 4).

---

[2] The Controller's certification cost of $2.511,841 does not include operating costs totaling $293,473 that are estimated to cost the same for the City or a private contractor. When adding these operating costs of $293,473 to the Controller's cost estimate of $2,511,841, the Controller's estimated cost would become $2.805,314. The Controller's estimate was based on information available in August of 2001, prior to the negotiation of the new proposed operating agreement, which is estimated to cost $2,808,337.

In accordance with Section 6.3 of the proposed operating agreement, the management fee, which is estimated at $271,772 for the first year of the proposed operating agreement, would increase by the percentage increase in the Consumer Price Index for the San Francisco Metropolitan Area provided that the management fee cannot increase by more than four percent per year.

Term of Operating Agreement:

January 3, 2002 through January 2, 2003 (one year). The term of the proposed operating agreement could be extended annually for four additional years on approval by the Airport Commission. Upon the expiration of the fourth one-year extension, the operating agreement may be further extended on a month-to-month basis. According to Section 3.2 of the proposed operating agreement, *"Upon expiration of this Agreement, with the consent of the operator* [Pacific Park Management], *Director* [of the Airport] *may direct Operator to continue performance of the Services on a month-to-month basis, on the same terms and conditions of this Agreement, until such time as City has engaged another Operator."*

At the Committee's meeting of 11/7/2001, the Budget Analyst had reported that in accordance with the terms of the proposed operating agreement as originally submitted to the Board of Supervisors, the agreement could have been extended indefinitely on a month-to-month basis without obtaining approval of the Board of Supervisors. Therefore, the Budget Analyst recommended that the proposed operating agreement be amended to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension (see Comment No. 6).

Comments:

1. On July 27, 2001, the Airport Commission issued a Request for Qualifications (RFQ) for the subject management of the parking facilities operating agreement including the related security guard and janitorial services. Although seven parking operators attended the informational conference held on August 15, 2001, only one firm, Pacific Park Management, submitted a Qualification Package to the Airport. In a memorandum to the Budget Analyst from Ms. [illegible] of the Airport (Attachment V), Ms. [illegible] this may

have occurred because the Minimum Qualifications for the contract are difficult for most Small Business Enterprise companies to meet." As stated by Ms. Sundstrom in Attachment IV, "A three-member panel reviewed the submission and determined that the minimum qualification requirements, as set forth by the RFQ, were met...Since all the necessary requirements set forth in the RFQ were met, the Airport recommended the award of the contract to Pacific Park Management Inc." Attachment VI, provided by the Airport, lists the newspapers and media agencies where the Airport advertised this RFQ.

2. According to Ms. Sundstrom, the Airport issues parking permits to Airport, airline and concession employees who want to park in one of the four employee parking facilities, including Lot DD Garage, the Lot DD Surface Lot, the West Field Garage and the Lot CC Surface Lot. The Airport issues parking permits to airline and concession employees through their employers. Airport employees and employees of the parking facility operator do not pay to park in the Airports' employee parking facilities. Ms. Sundstrom reports that in calendar year (CY) 2000, the Airport generated $4,836,911 in revenues from issuing employee parking permits to airline and concession employees. During the first three-quarters of CY 2001, or January 1, 2001 through September 30, 2001, the Airport generated $4,335,164 in revenues from issuing employee parking permits to airline and concession employees.

3. Ms. Sundstrom reports that, in Fiscal Year (FY) 2000-2001, the Airport paid $2,273,814 to ABC Parking Inc./THOR, including a management fee of $256,804.56 or 11.3 percent of total operating agreement costs. The proposed estimated management fee of $271,772 payable to Pacific Park Management is $14,967 or 5.8 percent more than the previous management fee. The previous management fee was based on 11.3 percent of the total operating agreement costs as compared to the proposed management fee which is based on 9.7 percent of the total estimated operating costs. The total estimated payment to Pacific Park Management [illegible] [illegible] or 23.5 percent more than [illegible] Parking

Inc./THOR in FY 2000-2001. According to Ms. Sundstrom, the payment for FY 2000-2001 for employee parking management services under the previous contract with ABC Parking, Inc./THOR included one full year of operation of the Lot DD Garage and West Field Garage, but only three months of operation of the Lot DD Surface Lot, which began operating as an employee parking lot in April of 2001. The proposed operating agreement includes one full year of operating the Lot DD Surface Lot and ten months of operations for Lot CC.

4. The Controller's annual certification of costs is subject to Board of Supervisors approval for each of the up to four additional one-year extensions.

5. Ms. Sundstrom advises that Pacific Park Management would subcontract to the following two firms: (a) Costless Maintenance Services for janitorial services at an estimated cost of $683,977 for the first year of the proposed operating agreement and (b) King Security for security guard services at an estimated cost of $1,451,360 for the first year of the proposed operating agreement. The subcontract cost of $2,135,337 is included in the operating agreement budget of $2,808,337.

6. Based on the Finance Committee's request that the Budget Analyst's recommendation be implemented, the Airport has amended the proposed operating agreement by adding a provision which requires Board of Supervisors approval prior to the Airport Commission and Pacific Park Management agreeing to extend the operating agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

Recommendation: Approve the proposed resolution.

Attachment I

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Airport Commission

CONTRACT SERVICES: Airport Employee Parking Facilities Operating Agreement

CONTRACT PERIOD: November 1, 2001 to September 30, 2002

(1) Who performed the activity/service prior to contracting out?

This service has been contracted since 1971.

(2) How many City employees were laid off as a result of contracting out?

N/A

(3) Explain the disposition of employees if they were not laid off.

N/A

(4) What percentage of City employees' time is spent on services to be contracted out?

N/A

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Airport Parking services have been contracted out since 1971. Employee parking is an expansion of parking service now being contracted out separately since 1999. This is an on-going request to contract out these services.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

Employee parking, as a part of Public parking, has been certified each year from 1980 to 1999. Since 1999, Employee Parking has been certified every year as a separate contract.

(7) How will the services meet the goals of your MBE/WBE Action Plan?

The previous contractor met the MBE/WBE goals by subcontracting janitorial and security services. The new contra currently under process calls for 15% MBE and 3% WBE subcontracting goals. The RFQ calls for the candidate to achieve the M/WBE subcontracting goals or demonstrate "good faith efforts" to achieve the goals

(8) Does the proposed contractor provide health insurance for its employees?

The new contract calls for compliance with the San Francisco Health Care Accountability Ordinance (Section 12Q o the San Francisco Administrative Code).

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

The contract calls for compliance with the Domestic Partners Ordinance.

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

[illegible] for complian[illegible] with the [illegible] Compensation Ordinance.

[illegible] [illegible] Business and Finance

ANNUAL BUDGET
WESTFIELD, LOT DD GARAGE and LOT DD SURFACE PARKING

	Annual Budget
PAYROLL	
Parking Operators Payroll	$159,698.68
PAYROLL OVERHEAD	
Payroll Taxes	
FICA	
FUI	
SUI	
Total Payroll Taxes	$21,588.75
Employee Benefits	$36,156.00
Total Payroll Overhead	$57,744:75
OTHER EXPENSES	
Accounting Services	$5,732.96
Bank Charges	$264.60
Facility Mods & Equip (specific expends.)	$157,500.00
Janitorial Services	$683,977.00
Legal Services	$5,512.54
Management Fee	$271,772.00
Scavenger	$7,938.00
Security and Traffic Control	$1,451,360.57
Supplies and Service	$2,866.54
Telephone/Communication Expenditures	$3,969.00
Total Other Expenses	$2,590,893.21
Grand Total	$2,808,336.64

modified. 9/7/0

Pacific Park Management, Inc
Management Fee for Employee Parking Contract

Fee Components		Annual Fee
General Manager:		$70,000.00
Administrative Assistant:		$37,000.00
Premiums		
Required insurance:		
Workers Compensation	$13,574.39	
Commercial General Liability	$58,080.00	
Business Automobile Liability	$7,260.00	
Garage Keeper's Legal Liability	$5,080.00	
Burglary and Robbery	$2,178.00	
	Premiums Subtotal	$86,174.39
Required deposit:		$2,500
Overhead and Profit:		$76,096.94
Total Proposed Annual Management Fee:		$271,771.33

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

VIA FACSIMILE TO 415-252-0461

October 29, 2001

TO: Ms. Anna LaForte
Board of Supervisors, Finance Committee

FROM: Vick Sundstrom
Airport Parking Management

RE: Airport Employee Parking Facilities Operating Agreement

Per your request, I am providing to you the chronological events for the Airport Employee Parking Facilities Request for Qualifications.

• Request for Qualifications Issued	July 27, 2001
• RFQ & Informational Conference Advertised	See attachment 2
• Press Release sent	See attachment 3
• Informational Conference Date	August 15, 2001
• Addendum 1 Issued (See attachment 4)	August 23, 2001
• RFQ due date	August 31, 2001

In accordance with the RFQ, the evaluation of qualified parties was based on the following:

Evaluation of Qualifications. All Candidates that satisfy the Minimum Qualification Requirements will be evaluated by a panel which is to determine the most qualified Candidate based on the following criteria:

Ownership or Management Experience	50%
Parking Control System Experience	20%
Staff Management Experience	20%
Financial Ability	10%

Informational Conference
The informational conference was held on August 15, 2001. Seven parking operators attended the informational conference. One company requested that the minimum qualifications be reduced. To address this comment, following the

meeting, the Airport Minority/Women Outreach Department did some diligence to determine if the requirements were too burdensome. It appeared as though at least three companies could satisfy the requirements so the Airport opted not to reduce the minimum requirements.

Addendum 1, attachment 4, was issued to address minor changes in the RFQ and included responses to the questions brought up at the meeting. No material changes were made to the RFQ.

Qualification Submittal

The Airport received one submission for the RFQ, from Pacific Park Management, Inc. A three-member panel reviewed the submission and determined that the minimum qualification requirements, as set forth by the RFQ, were met.

On September 14, 2001, HRC determined that Pacific Park Management is responsive to the subcontracting goals as set forth in the RFQ. (Attachment 5).

Since all the necessary requirements set forth in the RFQ were met, the Airport recommended the award of the contract to Pacific Park Management Inc.

Pacific Park Management Inc. was awarded the Airport Employee Parking Facilities Operating Agreement for one year with four one-year options to extend the term (see "Resolution No. 01-0304" previously sent to the Clerk of the Board).

Annual Cost Proposal

Your request for the projections of the Annual Cost Proposal for the four one-year options are not available at this time due to the current economic climate caused by the events of September 11, 2001. Please be assured that we will return to the Board of Supervisors each year to obtain the Proposition J approvals.

In drafting the final Operating Agreement, staff and the City Attorney's Office ensured that a number of controls were in place, such as:

In accordance of section 1.17 of the Operating Agreement:

> "Management Fee" means **two hundred seventy-one thousand seven hundred seventy-two dollars** ($271,772) per year, as the same may be adjusted by the CPI each year, as described below. The Management Fee has been negotiated between the parties and represents: (a) the salaries of the designated Parking Staff, (b) the premiums for all insurance, bonds, and deposits required hereunder, and (c) Operator's overhead and profit, as shown in *Appendix B*. If and to the extent the aggregate salaries of the Parking Staff are less than the amounts described on *Appendix B*, then the Management Fee shall be reduced accordingly. Director reserves the right to approve labor cost components of the fee. Notwithstanding anything to the contrary in this Agreement, including Section 6.3, in no event will: (a) the "overhead and profit" components of the Management Fee exceed three percent (3%) of the Annual Cost Proposal for any year of this Agreement;

or (b) the Management Fee exceed twelve percent (12%) of the Annual Cost Proposal for any year of this Agreement.

Section 6.2 Compensation Structure of the Operating Agreement,

Compensation payable by City to Operator hereunder comprises the Management Fee and the Actual Direct Costs. On or before November of each year, Operator shall submit to City for City's approval the Annual Cost Proposal for the upcoming year, in form satisfactory to Director. The Annual Cost Proposal shall set forth the Management Fee and estimated Actual Direct Costs. Operator shall incur no expenses under this Agreement unless and until the Annual Cost Proposal has been approved in writing by Director. Compensation payable to Operator shall be limited each year by the amounts set forth in the approved Annual Cost Proposal. City shall have no obligation to pay any invoice which indicates that an expense item exceeds, or is projected to exceed, the amount therefore specified in the Airport-approved Annual Cost Proposal. In the event that the City exercises the options to extend the term of this Agreement, for each such extension period, Operator shall be required to submit a Annual Cost Proposal in a form that is satisfactory to Director.

Section 6.3 Management Fee Adjustment of the Operating Agreement,

(a) If and to the extent City exercises the option(s) to extend the term of this Agreement, the Management Fee for the extension term(s) shall be increased in the same proportion as the increase in the CPI at such time as compared to the CPI on the commencement date of this Agreement. However, the increases provided for in this Section shall be limited to four percent (4%) per annum.

(b) In the event City expands or contracts the Facilities to include or exclude any new or existing parking facilities, the Management Fee shall be adjusted to reflect: (i) the *actual* increases or decreases in the salaries of the Parking Staff necessary for such expanded or contracted Facilities, and the premiums for the insurance, bonds, and deposits required hereunder; and (ii) a pro rata adjustment (based on number of parking spaces) in the "overhead and profit" component of the Management Fee. In no event will the Management Fee be adjusted for the mere increase or decrease in the number of parking spaces in any Facility.

The annual cost proposal for the first contract year and the management fee schedule are shown in attachments 6 & 7.

The expenses incurred and budget for this contract for fiscal year 00/01 by the previous contractor are shown in attachment 8.

Please [illegible]

cc: S[illegible]

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM
via facsimile
5 pages total

TO: Anna LaForte DATE:

FROM: Cathy Widener

SUBJECT: Airport Employee Management Services – Pacific Park Management contract

Per your request regarding the Airpor's speculation as to why we only received one bid for the employee-parking contract, I am providing you with a copy of the Minimum Qualifications for the contract by way of background.

While seven companies came to the Airport's Informational Conference held on August 15, only one – Pacific Park Management – submitted a Qualification Package to the Airport.

This may have occurred because the Minimum Qualifications (see attached) for the contract are difficult for most Small Business Enterprise companies to meet. While this is considered a Small Business Enterprise contact for the Airport because it is relatively small compared to other parking contracts, the number for spaces (over 6,000) demand that a "responsive" bidder meet the Minimum Qualifications.

The Airport's Minority and Women Business Outreach Department reviewed the qualifications and determined that at least three out of the seven companies could have met the requirements, but for reasons unknown to the Airport two of the three choose not to submit bids.

SECTION I: OVERVIEW

A. Minimum Qualification Requirements. All Qualifications Packages must include materials evidencing each Candidate's satisfaction of the Minimum Qualification Requirements. Airport staff will review the Qualifications Package of the Candidates to determine whether each is responsive, is responsible, and satisfies the Minimum Qualification Requirements. This is a "pass/fail" determination. The Airport Commission will not award the contract to any Candidate that does not satisfy the Minimum Qualification Requirements.

Each Candidate must demonstrate that it satisfies the Minimum Qualification Requirements set forth below.

- Ownership or Management. The Candidate must have at least five years of experience within the past five (5) years as an owner or operator of a public and/or employee parking facility (multi-level, at-grade and/or surface lot). For at least two (2) of those years, the aggregate number of parking stalls for such facility(ies) must have exceeded 1,500 parking stalls combined.

- Small Business Enterprise ("SBE"). Candidate must qualify as a Small Business Enterprise, which is defined as:

    1. Small business entity which is owned and controlled by one or more economically disadvantaged individuals, is independently owned and operated and organized for profit; and
    2. Small business entity may be an individual proprietorship, partnership, limited liability company, corporation, joint venture or association; and
    3. Small business entity must have annual gross receipts in the preceding three years not exceeding $5 million.

- Computerized Parking Control System Experience. Candidate must have at least two (2) years of experience operating and maintaining parking security and access control systems based on card readers, loop-detectors and automatic gates.

- Staff. Candidate must have experience managing a staff of at least ten (10) employees (including employees and employees of contractors) in its owned or operated parking facility(ies).

- Financial Ability. Candidate must demonstrate that it has the financial capacity and experience to operate the Project.

If Candidate is a Joint Venture, any joint venture partner(s) owning 50% or more must satisfy all of the foregoing qualification requirements. Any joint venture partner(s) owning less than 50% in the joint venture must have a minimum of three (3) years of general management experience, and provide evidence of managing-ownership or

senior/general management of a viable, for-profit business concern during that time. Both (all) Joint Venture partners must be Small Business Enterprises.

B. Evaluation of Qualifications. All Candidates that satisfy the Minimum Qualification Requirements will be evaluated by a panel which is to determine the most qualified Candidate based on the following criteria:

Ownership or Management Experience	50%
Parking Control System Experience	20%
Staff Management Experience	20%
Financial Ability	10%

C. Negotiation of Management Fee. Identification of the most qualified Candidate will not imply that the Candidate will receive award of the contract. The Airport intends to negotiate the Management Fee with the top-ranked Candidate. In the event the Director determines that a Management Fee cannot be negotiated with the top-ranked Candidate or if the Director determines the parties are at an impasse, the Director, in his sole discretion, may terminate negotiations, and direct staff to commence negotiations with the next highest ranked Candidate(s), and so on. The Airport intends to seek a Management Fee that represents value as well as economy, and it may not be the lowest possible management fee. Although the Airport reserves the right to negotiate any Management Fee it deems appropriate, it intends to negotiate within the following guidelines:

(1) The Management Fee will comprise only:
- Salaries of the General Manager and Administrative Assistant;
- Premiums for all required insurance, bonds, and deposits, and
- Operator's overhead and profit.

(2) The overhead and profit components of the Management Fee shall not exceed three percent (3%) of the Annual Cost Proposal for any year;

(3) The total Management Fee shall not exceed twelve percent (12%) of the Annual Cost Proposal for any Year; and

(4) The Management Fee shall be adjusted each year by the CPI but in no event will the increases in any given year exceed four percent (4%).

The standard Airport contract provisions shall not be subject to negotiations.

D. Qualifications Submittal. In submitting its Qualifications Package, a Candidate agrees that (a) if its submission is accepted, Candidate will execute the Agreement on or before the deadline specified by the Airport Director; and (b) Candidate accepts all of the terms and conditions of this RFQ (including the Agreement). Any Qualifications Package received after the Qualifications Submittal Deadline will be returned to the Candidate.

E. Bond. To secure the Candidate's obligation to execute the Agreement and submit the deposit and bonds required by the Agreement, each Candidate must submit in its Qualifications Package a bond or a letter of credit in the form attached as *Attachment 2* which bond or letter of credit must be in the amount of $50,000. The Airport

Commission reserves the right to cash the bond/letter of credit and hold the proceeds thereof as security for the obligations described below. No submissions will be considered unless accompanied by the bond/letter of credit. The bond/letter of credit will be held to guarantee execution of the Agreement and the Candidate's delivery of the deposit required by the Agreement, and the bond/letter of credit or the cash proceeds thereof will be retained by the Airport Commission as liquidated damages in the event the successful Candidate fails to do so.

F. <u>Presentations/Interviews</u>. The Airport Commission reserves the right to conduct interviews and/or presentations. In such event, the scores from the written Qualifications Package will be weighted 80% and the scores of the interviews/presentations will be weighted 20%.

G. <u>M/W/LBE Participation Goals and Joint Ventures</u>. As used below, the term "MBE", "WBE", and "LBE" shall mean Minority Business Enterprise, Woman Business Enterprise, and Local Business Enterprise, respectively, as defined by the City and County of San Francisco Chapter 12D.A., MBE/WBE/LBE Utilization Ordinance. Consistent with San Francisco Administrative Code Section 12.D.A., the Airport Commission's policy is to ensure that M/W/LBEs have equal opportunities to participate in all phases of Airport contracting.

(1) <u>Joint-Ventures</u>. The Candidate may joint-venture with a local certified MBE or WBE for a minimum of 35%. The joint-venture partner must meet the requirements as specified in San Francisco Administrative Code Chapter 12.D.A., (refer to *Attachment 3*).

(2) <u>Subconsulting Goals</u>. The Candidate must achieve the M/WBE subconsulting goals or demonstrate "good-faith efforts" to achieve such goals in the Project. For this Project, the subconsulting goals are <u>fifteen percent (15%)</u> for MBEs, and <u>three percent (3%)</u> for WBEs, based on the Annual Cost Proposal, minus the Management Fee. A Candidate may request that the HRC Director waive or reduce the subconsulting goals by submitting the reasons for the request in writing to Project Manager with its Qualifications Package. The factors that the HRC Director will consider in evaluating such a request are set forth in San Francisco Administrative Code Section 12.D.A.17(G). Denial of the request may be appealed to the HRC. The M/WBEs must be certified by the HRC prior to the Qualifications Submittal Deadline to be counted toward satisfying these subconsulting goals. In its Qualifications Package, the qualified Candidate must submit to HRC for review and approval all required HRC Forms and data demonstrating the proposed plan to achieve the M/WBE subconsulting goals, or good faith efforts to achieve such goals, for the Project. *As described above, Candidates are instructed to use the 2001/02 Annual Cost Proposal as the basis for demonstrating that they will meet the M/WBE subconsulting goals or demonstrating "good faith efforts."*

(3) <u>Rating Bonus</u>. Candidates who are M/W/LBEs [illegible] certain rating bonus. If applying for a rating bonus as a jc [illegible] /W/LBE

must be an active partner in the joint venture and perform work, manage the job and take financial risks in proportion to the required level of participation stated in the bid, and must be responsible for a clearly defined portion of the work to be performed and share in the ownership, control, management responsibilities, risks, and profits of the joint venture. The portion of the M/W/LBE joint venture's work shall be set forth in detail separately from the work to be performed by the non-M/W/LBE joint venture partner. The M/W/LBE joint venture's portion of the contract must be assigned a commercially reasonable dollar value. See *Attachment 3* for more information.

(4) More Information. If you have any questions about the M/W/LBE program, or if you desire M/W/LBE certification applications, please contact Romulus Asenloo, HRC Contract Compliance Officer at the Airport, at (650) 794-5578, fax no: (650) 737-7720. If you need a list of certified local M/WBEs, you can access the names from the HRC website at: www.ci.sf.ca.us/sfhumanrights, or you may call the Airport M/WBE Opportunity Office at (650) 821-5021.

Attachment 2

PUBLICATIONS

Asian Week

China Press

Chinese Times

El Latino

El Reportero

New Bayview

Philippine News

San Francisco Bay Times

Small Business Exchange

Attachment 3

MEDIA LIST

Bay City San Francisco
Bay City News RWC
KICU
KPIX
KNTV
KOFY
KQED
KGO AM
Channel 26
KCBS AM
KFRC AM
Marin Independent
Oakland Tribune
FC Progress
Daily Review
San Jose Mercury News
Millbrae Sun
San Bruno Herald
KTVU
San Mateo Times
KGO TV
Independent News Group
San Francisco Chronicle
San Francisco Examiner
KRON TV
Associated Press
KFOG
Channel 14
Menlo Park Almanac
San Francisco Independent
BOUT VLGR
USA Today
KFOX
AAA Public Relations
Fox News
Channel 66
Public Works
Travel Info
Travel Weekly
Reuters News
Lisa Paul
AAAE
Channel 48
Wall Street Journal
Muni Facts
Moody's Investor
NY Bloomberg News
NJ Bloomberg News
SF Bloomberg News
Aviation Daily
ACI Airport Week
Airport Report
Travel News Asia
Air Finance Journal
Airports North America
Metro Traffic
Contra Costa Times
Philadelphia Airport

Pan Asia Venture
Sing Tao Daily
Kyodo News
India West
Air Reporter
AAMC
San Francisco Visitor's
Convention Center

SFCVB Tokyo
SFCVB Shanghai
Columbus Travel Guide
Aero international
World Journal
Russian News
American Journal
Channel 32

Item 5 - File 01-1884

Note: This item was continued by the Finance Committee at its meeting of November 7, 2001.

Department: Airport

Item: Resolution approving an Airport parking facilities operating agreement (contract) between Ampco System Parking and the City and County of San Francisco, acting by and through its Airport Commission.

Purpose of Operating Agreement: To provide for the operation and maintenance, including security guard and janitorial services, of the following three public parking garages, one public parking lot and one Impound Lot:

(1) the Domestic Terminal Parking Garage with 5,100 short-term public parking spaces, 140 valet-parking spaces, five limousine spaces, 1,100 Airport, airline and concession employee parking spaces not covered under File 01-1883 and 300 taxi parking spaces;
(2) the International Terminal Parking Garage A with 1,600 public parking spaces and 40 taxi parking spaces;
(3) the International Terminal Parking Garage G with 1,500 public parking spaces and 150 Airport, airline and concession employee parking spaces not covered under File 01-1883;
(4) the Long-Term Parking Lot (Lot D) with 5,300 public parking spaces; and
(5) the Airport Impound Lot[1].

The proposed operating agreement would cover a total of 13,500 public parking spaces, 140 valet-parking spaces, five limousine parking spaces, 340 taxi parking spaces and 1,250 Airport, airline and concession employee parking spaces.

Description: The proposed resolution would award a parking operating agreement, including security guard and janitorial services, for the Domestic Terminal Parking Garage, the International Terminal Parking Garage A, the International Terminal Parking Garage G, the Long-Term

[1] Under the proposed operating agreement, Ampco would manage the Airport Impound Lot. The Airport Impound Lot has 100 parking spaces for abandoned cars which are towed by Ampco and kept in this locked parking lot. There are no public parking spaces in the Airport Impound Lot.

Parking Lot (Lot D) and the Airport Impound Lot to Ampco System Parking (Ampco).

Amount Payable by Airport to Ampco:

Not to exceed $19,338,354 during the first year of the proposed operating agreement from January 3, 2002 through January 2, 2003. Attachment I, provided by the Airport, provides budget details for the estimated cost of $19,338,354 for the proposed operating agreement. Attachment II, provided by the Airport, provides budget details for the estimated management fee in the amount of $1,489,079 or 7.7 percent of the total estimated operating agreement costs of $19,338,354.

In her October 24, 2001 memorandum to the Budget Analyst (Attachment III) Ms. Teresa Rivor of the Airport explains that the Airport is unable at this time to estimate the cost of the proposed operating agreement beyond the first year (the operator's agreement includes 4-one year options to extend the agreement) "due to the current climate caused by the events of September 11, 2001."

According to the terms of the proposed operating agreement, the Airport Commission would be required to approve the Annual Cost Proposal prepared and submitted by Ampco to the Airport during the term of this agreement. This Annual Cost Proposal would include the management fee and estimated direct costs of operating the Airports' subject parking facilities. According to Ms. Rivor, the Annual Cost Proposal, and thus the contractual services costs for future years, could vary depending on the level of services required by the Airport. However, according to the terms of the proposed operating agreement, Ampco cannot incur any expenses for such parking operations unless and until the Airport Commission approves such expenses, which would occur on an annual basis (see Comment No. 5).

In accordance with Section 6.3 of the proposed operating agreement, the management fee, which is estimated at $1,489,079 for the first year of the proposed operating agreement, would increase by the percentage increase in the Consumer Price Index for the San Francisco

Metropolitan Area provided that the management fee cannot increase by more than four percent per year.

Term of Operating Agreement:

January 3, 2002 through January 2, 2003 (one year). The term of the proposed operating agreement could be extended annually for up to four additional years on approval by the Airport Commission. Upon the expiration of the fourth one-year extension, the operating agreement may be further extended on a month-to-month basis. According to Section 3.2 of the proposed operating agreement, *"Upon expiration of this Agreement, with the consent of the operator* [Ampco], *Director* [of the Airport] *may direct Operator to continue performance of the Services on a month-to-month basis, on the same terms and conditions of this Agreement, until such time as City has engaged another Operator."*

At the Committee's meeting of 11/7/2001, the Budget Analyst had reported that in accordance with the terms of the proposed operating agreement as originally submitted to the Board of Supervisors, the agreement could have been extended indefinitely on a month-to-month basis without obtaining approval of the Board of Supervisors. Therefore, the Budget Analyst recommended that the proposed operating agreement be amended to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension (see Comment No. 12).

Comments:

1. On June 5, 2001, the Airport Commission issued a Request for Qualifications (RFQ) for the subject management of the parking facilities operating agreement including the related security guard and janitorial services at the Airport. The Airport received Qualification Packages from five proposers, Five Star Parking, APCOA-Pacific Parking, Central Parking System, PRG Parking Management, LLC, and Ampco. Ms. Rivor states in Attachment III that Airport staff reviewed the five Qualification Packages and determined that PRG Parking Management, LLC, did not satisfy the minimum qualifications set forth in the RFQ and, thus, was not qualified to submit a proposal to the Airport. Ms. Rivor further states in Attachment III that, of the four firms which submitted proposals, Ce[illegible]ing System

submitted their proposal after the Proposal Submittal Deadline, and, thus, was disqualified from the evaluation process. As shown in Attachment III, the evaluation criteria included the firm's experience and qualifications, the proposed Senior Managers' experience, the quality of business, marketing and transition plans, financial ability to perform and the proposed management fee.

2. The RFQ evaluation was based on a total of 500 points, and the management fee was 150 points or 30 percent of the total. Ms. Rivor reports that Five Star Parking submitted a proposed management fee bid of $964,866, the low bid, and APCOA-Pacific Parking submitted a proposed management fee of $1,922,000. Ampco's management fee bid of $1,489,079 was $524,213 or 54.3 percent more than Five Star Parking's low management fee bid of $964,866.

Overall, Five Star Parking received a rating of 421.55 points, APCOA-Pacific Parking received a rating of 416.22 points and Ampco received the highest rating of 437.46 points. Attachment IV, provided by the Airport, shows the points given to Five Star Parking, APCOA-Pacific Parking and Ampco based on their written proposals and oral presentations.

Because Ampco did not submit the lowest management fee bid, which exceeded the lowest management fee bid by $524,213 or 54.3 percent more than the Five Star Parking cost bid, the Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

3. Attachment V, provided by the Airport, lists the newspapers and media agencies where the Airport advertised this RFQ.

4. On July 23, 2001, the Board of Supervisors approved a resolution approving the Controller's certification that public parking management services at the Airport could continue to be practically performed by a private contractor at a lower cost for the year commencing July 1 2001 than if the work were performed by City employees (File 01-1188).

5. The Controller's annual certification of costs is subject to Board of Supervisors approval for each of the up to four additional one-year extensions.

6. In addition to the parking spaces at the Domestic Terminal Parking Garage, that Garage also includes 4,000 square feet of office space for use by Ampco. The International Terminal Parking Garages A and G contain approximately 1,000 square feet each of office space for Ampco's use for satellite offices.

7. Ms. Rivor reports that Ampco has provided parking management services to the Airport since 1991. The existing contract with the Airport to provide parking management services was a one-year contract that began on July 1, 1996 with four one-year extensions. The fourth one-year extension of this contract expired on June 30, 2001. Ms. Rivor reports that Ampco has provided public parking management services since June 30, 2001 on a month-to-month basis, under the terms of the existing contract.

8. According to Ms. Rivor, in calendar year (CY) 2000, the Airport generated $69,051,506 in revenues from the operation of the Airport's subject parking facilities. During the first three-quarters of CY 2001, or January 1, 2001 through September 30, 2001, the Airport generated $47,905,175 in revenues from the operation of the Airport's subject parking facilities. Ms. Rivor reports that the Airport issues parking permits to airline and concession employees through their employers. Airport employees and employees of the parking facility operator do not pay to park in the Airports' subject parking facilities.

9. Ms. Rivor reports that, in Fiscal Year (FY) 2000-2001, the Airport paid $13,910,928 to Ampco, the present parking operator, including a management fee of $646,691 or 4.6 percent of total operating agreement costs. The proposed estimated management fee of $1,489,079 is $842,388 or 130.3 percent more than the previous management fee. The previous management fee was based on 4.6 percent of the total operating agreement costs as compared to the proposed management fee which

is based on 7.7 percent of the total estimated operating agreement costs. The total estimated payment to Ampco under this new operating agreement of $19,338,354 is $5,427,426 or 39 percent more than the payment to Ampco in FY 2000-2001. According to Ms. Rivor, the payment for FY 2000-2001 for parking management services under the existing contract with Ampco includes one full year of operation of the Domestic Terminal Parking Garage, the Long-Term Parking Lot (Lot D) and the Airport Impound Lot, but only six months of operation of the International Terminal Parking Garages A and G, which began operating in December of 2000. The proposed operating agreement includes the cost of one full year of operating the International Terminal Parking Garages A and G.

10. Ms. Rivor advises that Ampco would subcontract to the following five firms: (a) American Building Maintenance for janitorial services at an estimated cost of $2,670,002 for the first year of the proposed operating agreement, (b) Cal State Patrol for security services at an estimated cost of $2,605,994 for the first year of the proposed operating agreement, (c) DAJA Inc. for the operation of the Long-Term Parking Lot (Lot D) and the operation of the valet service in the Domestic Terminal Parking Garage at an estimated cost of $1,213,751 for the first year of the proposed operating agreement, (d) Org Metrics for employee training for operators at an estimated cost of $17,850 for the first year of the proposed operating agreement, and (e) Mah and Associates for accounting services at an estimated cost of $17,850 for the first year of the proposed operating agreement. The subcontract cost of $6,525,447 is included in the operating agreement budget of $19,338,354.

11. File 01-1183, also being considered by the Finance Committee at its meeting of November 28, 2001, pertains to the Airport's proposed contract award to Pacific Park Management to provide Airport, airline, and concession employee parking management services at the Airport.

12. Based on the Finance Committee's request that the Budget Analyst's recommendation be implemented, the Airport has amended the proposed operating agreement by adding a provision which [illegible] sors

approval prior to the Airport Commission and Ampco agreeing to extend the operating agreement on a month-to-month basis for any period beyond 12 months subsequent to the expiration of the fourth one-year extension.

13. At its November 7, 2001 meeting, the Finance Committee requested additional information from the Airport on the scoring criteria used to evaluate the management fees proposed by Five Star Parking, APCOA-Pacific Park and Ampco. In response to the Finance Committee's request, Mr. Peter Nardoza of the Airport states in his memorandum of November 15, 2001 to the Finance Committee (Attachment VI), "...in both the written and oral scoring criteria panelists were asked to evaluate several decisive factors of the (management) fee including areas of savings, fee breakdown, overhead profit, salaries and insurance premiums as part of the management fee score-not simply the fee amount itself." Attachment VI includes the scoring sheets used by the panelists during the evaluation process. The Budget Analyst requested that the Airport respond as to why Ampco received higher scores in the proposal stage of 27 and 22 points from panelists C and D respectively for Ampco's management fee as compared to the Five Star Parking's lower scores of 25 and 15 from panelists C and D respectively (see Attachment IV, page 3), even though Ampco's management fee of $1,489,079 was $524,213 or 54.3 percent more than Five Star Parking's management fee of $964,866. In response to the Budget Analyst's inquiry, Ms. Widener states that "This is simply not a question that can be answered beyond restating Mr. Nardoza's memo of November 15, 2001."

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors, as noted in Comment No. 2.

Attachment 5

2001/02 PROPOSED AUTOMOBILE PUBLIC PARKING FACILITIES BUDGET

Budget Line Item	TOTAL
Cashiers	$4,029,945
Computer Technicians	$188,090
Customer Service Manager	$49,070
Customer Service Attendants	$177,910
Garage Supervisors	$1,313,492
Inventory Lot Checkers	$426,420
Office Staff	$775,216
Stationary Engineers	$231,067
Valet Attendants	$322,230
Total Payroll	$7,513,440
Payroll Tax	$641,486
Employee Benefits	$1,798,870
Total Payroll Overhead	$2,440,356
Total Personnel Costs	$9,953,796
Advertising	$12,000
Bank Charges	$1,089,200
Computer Maintenance	$100,000
Contract Services	$55,300
Facilities Modifications & Equipment	$225,000
Janitorial Services	$2,670,002
Laundry and Uniforms	$87,000
Legal Services	$10,500
Lien Fees	$32,655
Management Fee	$1,489,079
Office Expenditures	$55,800
Operating Expenses	$403,133
Payroll & AP Processing Charges	$10,000
Refunds & Fee Adjustments	$38,000
Revenue Control Tickets and Forms	$232,558
Security and Traffic Control	$2,785,481
Telephone/Communication Expenditures	$38,600
Training and Seminars	$50,250
Total Other Expenses	$9,384,558
Grand Total	$19,338,354

Appendix B-1

Management Fee Schedule

Fee Components		Proposed Annual Fee Components
General Manager:		$ 77,636
Assistant General Manager:		$ 57,098
Office Manager:		$ 45,000
Operations Manager(s):		$ 99,929
Accounting Manager:		$ 52,370
Facilities Manager:		$ 52,715
Compensation Subtotal:		$ 384,748
Premiums:		
Required insurance:		$ 623,989
Workers' Compensation	$ 525,619	
Commercial General Liability	$ 69,653	
Business Automobile Liability	$ 23,217	
Garage Keeper's Legal Liability	$ 4,000	
Burglary and Robbery	$ 1,500	
Required deposit and fidelity bonds		$ 56,342
Premiums Subtotal		$ 680,331
Overhead and profit:		$ 424,000
Total Proposed Annual Management Fee:		$ 1,489,079

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

VIA FACSIMILE TO 415-252-0461

DATE: October 24, 2001

TO: Ms. Anna LaForte
Board of Supervisors, Finance Committee

FROM: Teresa Rivor Teresa Rivor
Airport Concession Development and Management

RE: Airport Public Parking Facilities Operating Agreement

Per your request, I am providing to you the chronological events for this Airport Public Parking Facilities Request for Qualification/ Proposal.

• Request For Qualification/Proposal Issued	October 1, 2000
• Informational Conference advertised	See Attachment 2
Press release sent	See Attachment 3
• Informational Conference Date	October 25, 2000
• Commission Approval Final Issuance of RFP	February 6, 2001
• Final Request for Proposal Issued	March 1, 2001
• Request for Proposal advertised	See Attachment 2
Press release sent	See Attachment 3

In accordance with the Final Request for Proposal, the selection process was a two-stage process:

- Qualification Stage: On or before the Qualification Package Deadline, all interested Proposers must submit Qualification Packages, evidencing their satisfaction of the minimum qualification requirements specified (Attachment 1). Airport staff will review the submission to determine whether the Proposer satisfies the Minimum Qualification Requirements. This is a "pass/fail" determination, and no scoring is done at this stage. As to those Proposers who satisfy such Minimum Qualification Requirements, Airport staff will recommend that the Airport Commission "short list" such Proposers and invite them to submit Proposal Packages.

- Proposal Stage: The Airport will notify those Proposers who are "short-listed" and invite them to submit Proposal Packages. A panel will review the Proposal Packages in accordance with the evaluation criteria to determine the most responsible and responsive Proposer. A five-member panel consisting of industry experts from other Airports, other parking business, and Airport Staff was selected to participate in the selection process. The panel members were:

  - Lester Patilla, Port of Oakland
  - Eugene Choy, Airport Commission
  - Robert Weinberg, MarketPlace Development
  - Kathy Hausler, San Jose International Airport
  - Stephen Gordon, Airport Commission

- Evaluation Criteria: The evaluation criteria used to rank all qualified proposers are as follows:

o	Firm's Experience and Qualifications	20 points
o	Proposed Senior Managers' Experience	20 points
o	Quality of Business, Marketing and Transition Plans	15 points
o	Financial Ability to Perform	15 points
o	Management Fee	30 points
	Total	100 points

  The points were weighed 70% based on the written Proposal, 30% based on the Presentation/Interview. Only the top four proposers, based on written Proposals, were invited to participate in the Presentation/Interview of the process.

HRC and Airport staff participated in the entire process up to and including observing the oral presentations as well as reviewing all the final score tabulations.

Chronology of Final Phase of the Selection Process

April 30, 2001

The Airport received Qualification Packages from five proposers:

- Five Star Parking
- APCOA-Pacific Parking – A Joint Venture of APCOA and Pacific Park Management, Inc.
- Central Parking System
- PRG Parking Management, LLC
- AMPCO System Parking

After staff reviewed all the submittals, staff determined that four of the Proposers satisfy the Minimum Qualification Requirements set forth in the RFQ/P. PRG Parking Management, LLC did not satisfy the Minimum Qualifications.

June 1, 2001
Airport Commission approved the "short-list" and invited the qualified proposers to submit proposals. These proposers were:

- Five Star Parking
- APCOA-Pacific Park Parking – A Joint Venture of APCOA and Pacific Park Management, Inc.
- Central Parking System
- Ampco System Parking

July 2, 2001
The Airport received four Proposals from the previously approved "short-list". However, Central Parking System submitted its proposal after the Proposal Submittal Deadline. Therefore their Proposal was returned un-opened.

July 5, 2001
A five-member panel consisting of subject matter experts in the parking industry completed the review and rating.

July 18, 2001
To conclude the final step in the RFQ/P process, the proposers were invited to an oral presentation before the five-member panel.

The final tabulation of the scores and the ranking is as follows:

Ampco Parking System	437.46
Five Star Parking	421.55
APCOA-Pacific Parking	416.22

August 2, 2001
HRC completed its review and all three firms, directly or through good faith efforts, achieved the minority-owned business enterprise (MBE) and woman-owned business enterprise (WBE) sub-consulting goals for the contract. Further, APCOA –Pacific Parking – A Joint Venture of APCOA and Pacific Park Management, Inc. requested a 5% rating bonus; however, the HRC determined that it does not qualify for such bonus.

Based on the qualification and scores, Ampco was deemed the best responsive and responsible proposer.

October 2, 2001
Ampco Parking System was awarded the Airport Public Parking Facilities Operating Agreement for one year with four one-year options to extend the term (see "Resolution No. 01-0303" previously sent to the Board).

Annual Cost Proposal

Your request for the projections of the Annual Cost Proposals for the four one-year options are not available at this time due to the current climate caused by the events of September 11, 2001. Please be assured that we will return to the Board of Supervisors each year to obtain Proposition J approvals.

In drafting the final Operating Agreement, staff and the City Attorney's Office ensured that a number of controls were in place, such as:

In accordance with Section 6.3 Management Fee Adjustment of the Operating Agreement:

(a) If and to the extent City exercises the options(s) to extend the term of this Agreement, the Management Fee for the extension term(s) shall be increased in the same proportion as the increase in the CPO at such time as compared to the CPI on the commencement date of this Agreement. However, the increases provided for in this Section shall be limited to four percent (4%) per annum.

(b) In the event City expands or contracts the Facilities to include or exclude any new or existing parking facilities, the Management Fee shall be adjusted to reflect: (i) the actual increases or decreases in the salaries of the Parking Senior Staff necessary for such expanded or contracted Facilities, and the premiums for the insurance, bonds, and deposits required hereunder, and (ii) a pro rata adjustment (based on number of parking spaces) in the "overhead and profit" component of the Management Fee. In no event will the Management be adjusted for the mere increase or decrease in the number of parking spaces in any Facilities.

Section 6.2 Compensation Structure of the Operating Agreement,

Compensation payable by City to Operator hereunder comprises the Management Fee and the Actual Direct Costs. On or before November of each year, Operator shall submit to City for City's approval the Annual Cost Proposal for the upcoming year, in form satisfactory to Director. The Annual Cost Proposal shall set forth the Management Fee and estimated Actual Direct Costs. Operator shall incur no expenses under this Agreement unless and until the Annual Cost Proposal has been approved, in writing, by Director. Compensation payable to Operator shall be limited each year by the amounts set forth in the approved Annual Cost prosopsal. City shall have no obligation to pay any invoice which indicates that an expense item exceeds, or is projected to exceed, the amount therefore specified in the Airport-approved Annual Cost Proposal. The approved Annual Cost Proposal for initial one (1) year term of this Agreement is set forth in Appendix B-2. "Annual Cost Proposal" , is also attached hereto and incorporated by reference as though fully set forth herein. In the event that the City exercises the options to extend the term of the Agreement, for each such extension period, Operator shall be required to submit a Annual Cost Proposal in a form that is satisfactory to Director.

Section 1.17 Management Fee

The "Overhead and Pro[illegible] compo[illegible] [illegible] [illegible] not exceed three percent (3%) of the A[illegible] Cost [illegible] year [illegible] Agreement. If and to

the extent the aggregate salaries of the Parking Senior Staff are less than the amounts described on Appendix B, then the Management Fee shall be reduced accordingly.

I hope this satisfies your requirements to proceed before the Board of Supervisors. If you require additional information, please call me at (650) 821-4500.

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Public Parking Operating Agreement

	FIVE STAR PARKING	APCOA--PACIFIC PARK	AMPCO
PROPOSAL	291.20	277.32	315.21
ORAL PRESENTATION	130.35	138.90	122.25
Sub-total	421.55	416.22	437.46
HRC POINTS	0	0	0
TOTAL POINTS	421.55	416.22	437.46

	FIVE STAR PARKING	APCOA-PACIFIC PARK	AMPCO
ORAL PRESENTATION			
<u>Panelist A</u>			
Question 1	16.00	20.00	20.00
Question 2	20.00	20.00	16.00
Question 3	10.00	10.00	8.00
Question 4	15.00	15.00	15.00
Question 5	15.00	15.00	15.00
Question 6	15.00	10.00	15.00
Sub-total	91.00	90.00	88.00
<u>Panelist B</u>			
Question 1	18.00	18.00	18.00
Question 2	19.00	19.00	15.00
Question 3	10.00	10.00	5.00
Question 4	15.00	14.00	12.00
Question 5	14.00	15.00	13.00
Question 6	19.00	18.00	16.00
Sub-total	95.00	94.00	79.00
<u>Panelist C</u>			
Question 1	19.00	19.50	17.50
Question 2	19.00	18.50	17.50
Question 3	10.00	10.00	10.00
Question 4	14.00	13.00	16.00
Question 5	14.00	15.00	14.50
Question 6	17.50	20.00	20.00
Sub-total	93.50	96.00	94.50
<u>Panelist D</u>			
Question 1	12.00	20.00	12.00
Question 2	10.00	19.00	10.00
Question 3	10.00	9.00	6.00
Question 4	12.00	15.00	8.00
Question 5	12.00	15.00	9.00
Question 6	13.00	18.00	14.00
Sub-total	69.00	96.00	59.00
<u>Panelist E</u>			
Question 1	18.00	17.00	18.00
Question 2	15.00	20.00	17.00
Question 3	8.00	8.00	8.00
Question 4	14.00	15.00	15.00
Question 5	13.00	15.00	14.00
Question 6	18.00	12.00	15.00
Sub-total	86.00	87.00	87.00
<u>TOTAL - PROPOSAL STAGE</u>			
Panelist A	91.00	90.00	88.00
Panelist B	95.00	94.00	79.00
Panelist C	93.50	96.00	94.50
Panelist D	69.00	96.00	59.00
Panelist E	86.00	87.00	87.00
Sub-total	434.50	463.00	407.50
RAW SCORE X 30% WEIGHT	130.35	138.90	122.25

	FIVE STAR PARKING	APCOA-PACIFIC PARK	AMPCO
Proposal Stage			
Panelist A			
Question 1	18.00	20.00	20.00
Question 2	16.00	12.00	20.00
Question 3	15.00	12.00	9.00
Question 4	15.00	15.00	15.00
Question 5	27.00	17.00	24.00
Sub-total	91.00	76.00	88.00
Panelist B			
Question 1	13.00	17.00	20.00
Question 2	17.00	16.00	20.00
Question 3	11.00	12.00	15.00
Question 4	15.00	15.00	15.00
Question 5	30.00	20.00	25.00
Sub-total	86.00	80.00	95.00
Panelist C			
Question 1	16.00	18.00	19.00
Question 2	17.00	18.00	19.00
Question 3	13.00	14.00	14.00
Question 4	14.00	14.00	14.00
Question 5	25.00	26.00	27.00
Sub-total	85.00	90.00	93.00
Panelist D			
Question 1	20.00	20.00	20.00
Question 2	14.00	18.00	20.00
Question 3	6.00	11.00	11.00
Question 4	16.00	15.00	15.00
Question 5	15.00	15.00	22.00
Sub-total	72.00	77.00	88.00
Panelist E			
Question 1	15.50	17.67	18.80
Question 2	17.00	16.00	19.50
Question 3	8.50	12.50	13.00
Question 4	13.00	12.50	15.00
Question 5	27.00	14.50	20.00
Sub-total	82.00	73.17	86.3
TOTAL - PROPOSAL STAGE			
Panelist A	91.00	76.00	88.00
Panelist B	86.00	80.00	95.00
Panelist C	85.00	90.00	93.00
Panelist D	72.00	77.00	88.00
Panelist E	82.00	73.17	86.30
Sub-total	416.00	396.17	450.30
RAW SCORE X 70% WEIGHT	291.20	277.22	315.21

Attachment 2

PUBLICATIONS

Asian Week

China Press

Chinese Times

El Latino

El Reportero

New Bayview

Philippine News

San Francisco Bay Times

Small Business Exchange

Attachment 3

MEDIA LIST

Bay City San Francisco
Bay City News RWC
KICU
KPIX
KNTV
KOFY
KQED
KGO AM
Channel 26
KCBS AM
KFRC AM
Marin Independent
Oakland Tribune
FC Progress
Daily Review
San Jose Mercury News
Millbrae Sun
San Bruno Herald
KTVU
San Mateo Times
KGO TV
Independent News Group
San Francisco Chronicle
San Francisco Examiner
KRON TV
Associated Press
KFOG
Channel 14
Menlo Park Almanac
San Francisco Independent
BOUT VLGR
USA Today
KFOX
AAA Public Relations
Fox News
Channel 66
Public Works
Travel Info
Travel Weekly
Reuters News
Lisa Paul
AAAE
Channel 48
Wall Street Journal
Muni Facts
Moody's Investor
NY Bloomberg News
NJ Bloomberg News
SF Bloomberg News
Aviation Daily
ACI Airport Week
Airport Report
Travel News Asia
Air Finance Journal
Airports North America
Metro Traffic
Contra Costa Times
Philadelphia Airport

Pan Asia Venture
Sing Tao Daily
Kyodo News
India West
Air Reporter
AAMC
San Francisco Visitor's
Convention Center

SFCVB Tokyo
SFCVB Shanghai
Columbus Travel Guide
Aero international
World journal
Russian News
American Journal
Channel 32

San Francisco International Airport

PO Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

November 15, 2001

TO: BOARD OF SUPERVISORS FINANCE COMMITTEE
Hon. Mark Leno, Chair
Hon. Aaron Peskin, Vice-Chair
Hon. Matt Gonzalez, Committee Member

cc: Harvey Rose, Budget Analyst

FROM: Peter Nardoza, Deputy Director, Public Affairs

SUBJECT: Parking Facility Contract Follow-up

At the November 7, 2001 Finance Committee meeting committee members requested additional information on the scoring criteria for the public parking contract at the Airport, particularly as it related to the proposed management fee. Attached for your review, please find a copy of the scoring sheets for both the written proposals and oral presentations.

Please note where the related management fee criteria have been flagged for your attention, in both the written and oral scoring criteria panelists were asked to evaluate several decisive factors of the fee including areas of savings, fee breakdown, overhead profit, salaries and insurance premiums as part of the management fee score – not simply the fee amount itself.

Panelists were instructed to review the proposals independently of each other.

I trust these clarifications address your concerns. Please feel free to contact me or Cathy Widener, Government Affairs Administrator at 650-821-5023 should you require additional information.

San Francisco International Airport
Public Parking Facilities Operating Agreement

INSTRUCTIONS TO PANELIST

Enclosed are the questions to be given to the three qualified proposers competing for the Airport's Public Parking Facilities Operating Agreement. Each proposer will have 15 minutes at the beginning of the interview to make an oral presentation. After the proposer's presentation is over, the panel will have 45 minutes remaining to ask the attached questions.

After the interview is completed, you will have 15 minutes to finish the scoring sheet. After the three interviews are completed, please initial each page and sign the last page of the score sheet.

On behalf of the Airport, thank you for taking the time to participate in the selection process for this project.

San Francisco International Airport
Public Parking Facilities Operating Agreement

Proposer: ______________________ Panelist: ______________

Oral Presentation = 20 points maximum

Points: ________

All proposers are to give an introduction, at the commencement of the 60-minute oral interview, to make introductory statements/presentation. The Proposers have been advised that this presentation should address the following:

(1) Proposer's experience and qualifications to operate the Airport Public Parking Operating Agreement.

(2) Introduction of the local management team and their qualifications to operate and manage the project.

(3) Proposer's experience in similar projects.

(4) Proposer's experience with modern parking control technology.

Signature: ______________________ Date: July 18, 2001

San Francisco International Airport
Public Parking Facilities Operating Agreement

Proposer: ______________________ Panelist: ______________

Interview Questions = 80 points maximum

Total Points: ________

(1) On a Sunday afternoon, one of the key garages is full, vehicle exit queues are quickly getting longer and the revenue and credit card systems both go off-line. The Airport Duty Manager is putting a lot of pressure on you to solve the problem. What is your response to this situation?

Points: (maximum points = 20)

(2) Referring to one of your large airport management contracts that you had and lost in recent years, please describe the reasons why you were not able to retain the contract.

Points: (maximum points = 10)

(3) Due to the economic downturn and increased competition from off-site operators, Airport parking revenue has recently declined. Planned transit improvements including BART may exacerbate that trend. How would you reverse that trend?

Points: (maximum points = 15)

(4) Describe briefly how you plan to carry the transition and start-up expenses for this project.

Points: (maximum points = 15)

(5) Understanding that the management fee is negotiable, please describe for us which parts of your proposed management fee could be adjustable?

Points: (maximum points = 30)

Signature: ______________________ Date: July 18, 2001

[PROPOSER NAME]

Scoring Criteria	Rating
<u>Firm's Experience and Qualifications</u> → Familiarity with modern parking control technology → Operational Insight applicable to the Airport environment → Innovative services used by Proposer	(maximum points: 20)
<u>Senior Managers' Experience and Qualifications</u> → Proposer's personnel experience and qualifications for senior management staff (General Manager, Assistant General Manager, et. al.) → Proposer's experience managing parking facilities of similar scale, use and operating environment.	(maximum points: 20)
<u>Business Marketing and Transition Plans</u> → Proposer's business plans and operational goals ∘ Staffing/training ∘ Labor relations ∘ Reporting ∘ Innovative customer service programs ∘ Strategies to enhance revenue control and manage project expenses → Proposer's marketing plan → Proposer's plan and schedule for transition of operational responsibility from current operator, such as: ∘ Training ∘ Personnel ∘ Transfer of property / keys	(maximum points: 15)
<u>Financial Ability to Perform</u> → Proposer's financial ability and stability to perform the project, such as: ∘ Ability to manage an annual cost proposal (budget) ∘ Ability to fund insurance/bond premiums ∘ Ability to meet working capital requirements, including acquisition of new technologies, and ability to manage "lag-time" for reimbursements ∘ Ability in assisting the Airport in investing in equipment and technology	(maximum points: 15)

[PROPOSER NAME]

Scoring Criteria	Rating
Management Fee → Proposer's proposed annual management fee as broken down in Attachment 9 → Please review the full range of the proposed management fee submitted by all proposers. → When scoring each proposer, please consider the following: ◦ Does the overhead and profit components of the fee seem reasonable? ◦ Do the proposed salaries for key personnel appear reasonable? ◦ Do the insurance premiums appear to be at market?	(maximum points: 30)
TOTAL (out of 100)	

Evaluator: «FirstName» «LastName» Signature: ____________________ Date: ____________

Item 6 - File 01-1552

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Hearing to consider a request to release reserved funds in the amount of $25,000,000 for the purchase of electrical power for resale for the remainder of FY 2001-2002.

Description: Hetch Hetchy's FY 2001-2002 budget, as approved by the Board of Supervisors, includes an appropriation of $48,300,000 for the purchase of electrical power for resale to Hetch Hetchy customers. The Board of Supervisors placed $25,000,000 of the $48,300,000 on reserve pending a report from Hetch Hetchy on the outlook for the purchase of electrical power during FY 2001-2002.

The $48,300,000 budget amount for purchase of electrical power represented an increase of $26,668,790 or 123.3 percent, from the original FY 2000-2001 budget for the purchase of electrical power of $21,631,210. However, during FY 2000-2001, Hetch Hetchy also obtained approval from the Board of Supervisors of a supplemental appropriation of $25,400,000 for the purchase of electrical power, in addition to the original budgeted amount of $21,631,210, resulting in a total FY 2000-2001 appropriation of $47,031,210. Therefore, the FY 2001-2002 appropriation of $48,300,000 for the purchase of electrical power is $1,268,790 or 2.7 percent more than the FY 2000-2001 appropriation of $47,031,210.

As of October 31, 2001, Hetch Hetchy had expended $19,840,810[1] for the purchase of electrical power, or 41.1 percent of the $48,300,000 FY 2001-2002 budget. Based on this rate of expenditure, Mr. Kingsley Okereke, Director of Finance for the Public Utilities Commission reports that Hetch Hetchy estimates that total expenditures for FY 2001-2002 will be $46,689,350. The Budget Analyst has reviewed the PUC's expenditure projection and concurs with the estimate.

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[1] This amount is net of spot market electrical power sales. Hetch Hetchy sells power on the spot market when the combined total of contractual power purchases and Hetch Hetchy's own generation of hydroelectric power exceed the amount of electrical power needed for municipal purposes and contractual sales.

The PUC projection for FY 2001-2002 of $46,689,350 in total expenditures for the purchase of electrical power is $1,610,650 less than the $48,300,000 amount budgeted for such purchases in FY 2001-2002. However, according to Mr. Okereke, the PUC requests that the full amount of $25,000,000 be released by the Finance Committee because a) additional spot market purchases may be necessary if Hetch Hetchy generates less hydroelectric power than anticipated due to dry weather conditions; and b) Hetch Hetchy may not be able to realize total revenues from the sale of excess power presently estimated at $3,478,860 in FY 2001-2002, again due to less hydroelectric power generation due to dry weather conditions.

Comments:

1. Hetch Hetchy has traditionally purchased power from wholesale sources to meet its contractual obligations for the sale of electric power to its customers when it is unable to generate sufficient electric power from its hydro-electric power generation facilities. In FY 2000-2001, the price for such power on the spot market increased from a range of $20 to $40 per megawatt hour to $200 to $300 per megawatt hour. As noted above, Hetch Hetchy required a supplemental appropriation of $25,400,000 in FY 2000-2001 to meet the increased expenditures resulting from the increased cost of such power on the spot market.

In May of 2001, the City entered into a contract with Calpine Energy Services, LP for the purchase of electric power. The contract with Calpine Energy Services was intended to hedge against the extremely high prices for wholesale electric power over the next five years. The term of the contract was five years, commencing on July 1, 2001 and ending on June 30, 2006. The shortage of supply that resulted in the increase in the price of wholesale electric power during FY 2000-2001 was expected to continue for up to three years, with lower prices in years four and five, according to PUC testimony to the Board of Supervisors during the Board's consideration of the proposed contract, with Calpine Energy Services.

Under the provisions of the Calpine contract, the City is required to purchase 50 megawatt hours of electric power on a continuous basis. The price of this purchase is a) $115 per megawatt hour for the period of July 1, 2001 through December 31, 2001, and b) $75.25 per megawatt hour for the period of January 1, 2002 through June 30, 2006

For Fiscal Year 2001-2002, the City will be required to purchase a total of 438,000 megawatt hours at a total cost of $41,664,750. Over the five-year term of the contract, the City will be required to purchase a total of 2,190,000 megawatt hours at a total cost of $173,502,750. The average price per megawatt hour that the City is required to purchase is $79.225 under the Calpine Energy Services Contract.

2. Since the approval of the Calpine Energy Services contract, the price of wholesale electric power has fallen dramatically, due in part to reduced demand for electricity and mild weather during the summer months. Power generation and supply has also increased since the first six months of calendar year 2001. According to Ms. Laurie Park, General Manager of Hetch Hetchy, the futures price for wholesale electric power for the fourth quarter of 2001 is $30 per megawatt hour. Also, at this time, the futures price for wholesale electric power for calendar year 2002 is $45 per megawatt hour according to Ms Park.

If the City had been able to enter into a five year contract for the purchase of electric power at an average price of $45 per megawatt hour instead of $79.225 per megawatt hour, the price for the Calpine contract, the full cost would have been $98,550,000, or $74,952,750 less than the $173,502,750 cost for the Calpine contract.

3. On November 13, 2001, the Board of Supervisors Audit, Labor and Governmental Efficiency Committee held a hearing on the Calpine Energy Services Contract. The Public Utilities Commission reported to the Audit, Labor and Governmental Efficiency Committee at that time that the City is currently in discussion with Calpine in an attempt to reduce the high cost of electrical power the City must purchase under the contract in the future. The PUC stated at that time that they will report back to the Board of Supervisors on any results that may be produced from such discussions.

4. The Budget Analyst recommends approval of the requested release of reserve of $25,000,000 based on the PUC's projected FY 2001-2002 total Hetch Hetchy expenditures for the purchase of electrical power of $46,689,350. Although the projected amount of $46,689,350 is $1,610,350 less than the FY 2001-2002 appropriation amount of $48,300,000, and therefore a potential reduction of $1,610,350 to this request of $25,000,000 could be made, the Budget Analyst concurs with the PUC that such a reduction should not be made at this time in order to provide Hetch Hetchy with added flexibility if dry weather conditions occur as explained above.

Recommendation: Approve the requested release of $25,000,000 for purchase of electrical power.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Sophie Maxwell

Clerk: Gail Johnson

Wednesday, December 05, 2001 **9:00 AM** **City Hall, Room 263**

Rescheduled Meeting

Members Present: Mark Leno, Aaron Peskin, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 9:08 a.m.

012123 **[Recanvassing of November and December 2000 Elections]**

Supervisor Leno

Hearing to consider the possible recanvassing of the November 2000 and December 2000 elections by the Department of Elections.

12/3/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for the December 5, 2001, meeting.

Heard in Committee. Speakers: Tammy Director, Department of Elections; Bill Lee, City Administrator; Chad Jacobs, Deputy City Attorney; Edward Harrington, Controller; Chris Bowman, former member, Citizens Advisory Committee on Elections; Male Speaker; Charlie Marsteller; Male Speaker.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011818 **[Reserved Funds, Human Resources Department]**

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $15,260,220 to fund the Citywide Management Classification/Compensation Plan (MCCP) on reserve for six months. (Human Resources Department)

11/9/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the November 28, 2001 meeting.

Speakers: None.

Continued to December 12, 2001, meeting.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012039 **[Reserved Funds, Office of the Treasurer-Tax Collector]**

Hearing to consider release of reserved funds, Office of the Treasurer-Tax Collector (Fiscal Year 2000-01 Budget), in the amount of $1,162,050 to fund its Business Tax System (PTRSYS 00) Project. (Treasurer-Tax Collector)

11/20/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration, preferably at the December 5, 2001 meeting.

Heard in Committee: Speakers: Harvey Rose, Budget Analyst; Susan Leal, Treasurer.
Release of reserved funds in the amount of $1,107,486 approved.

APPROVED AND FILED by the following vote:
Ayes: 3 - Leno, Peskin, Maxwell

011929 **[Lease of Real Property]**

Resolution authorizing extension and amendment of a lease of real property at 1145 Market Street for the Department of Human Resources. (Real Estate Department)

(District 6.)

10/24/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee: Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department.

RECOMMENDED.. by the following vote:
Ayes: 3 - Leno, Peskin, Maxwell

LITIGATION

Conference with City Attorney

[Convene in Closed Session]
Motion that the Finance Committee of the Board of Supervisors convene in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding proposed settlements in the lawsuits or claims listed below.

Unanimous vote to convene in closed session by the following vote:
Ayes: 3 - Leno, Peskin, Maxwell

012079 [Settlement of Lawsuit]

Ordinance approving settlement of the lawsuit filed by the City and County of San Francisco, acting by and through its Airport Commission, against CalStar Retail, Inc., by payment by CalStar Retail Inc. to the City in the amount of $350,000 and other terms; the lawsuit was filed on August 7, 2001, in San Mateo County Superior Court, Case No. 417869, entitled City and County of San Francisco, acting by and through its Airport Commission v. CalStar Retail, Inc. (City Attorney)

(Supervisor Peskin dissenting in Committee)

11/27/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration at the December 5, 2001 meeting.

The Finance Committee requests that the Board hear this item in closed session.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Maxwell
Noes: 1 - Peskin

Report on Closed Session

Deputy City Attorney Ted Lakey reported that the Finance Committee has met in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding settlements in the lawsuits or claims listed above.

[Elect Not to Disclose]
Motion that the Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations concerning the anticipated litigation listed above.

Unanimous vote not to disclose discussion to the public by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

ADJOURNMENT

The meeting adjourned at 11:56 p.m.

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5/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 29, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: December 5, 2001 Finance Committee Meeting

Item 2 - File 01-1818

Department: Department of Human Resources (DHR)

Item: Hearing to request release of $15,260,220 placed on reserve in the Department of Human Resources FY 2001-2002 budget by the Board of Supervisors to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 Special Assistant positions which were preliminarily allocated into new management classifications under the Citywide Management Classification/Compensation Plan, effective July 1, 2001.

Amount: $15,260,220

Source of Funds: FY 2001-2002 DHR budget

Description: Pending a review by the Finance Committee of the reclassification of 276 Special Assistant positions represented by the Municipal Employees Association (MEA), the Board of Supervisors, in accordance with the Finance Committee's

recommendations, placed a reserve of $15,260,220 in the FY 2001-2002 DHR budget to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 former Special Assistant positions represented by the MEA. Under the Memorandum of Understanding (MOU) between the City and MEA previously approved by the Board of Supervisors, which is effective from July 1, 2001 through June 30, 2003, the DHR created a new series of 15 management classifications under the MCCP (shown in Attachment I) and preliminarily allocated the 276 Special Assistant positions into the 15 new management classifications, effective July 1, 2001.

The Board of Supervisors instructed DHR to review the subject positions to determine if the positions should be classified as exempt positions or be subject to Civil Service procedures within 45 working days of July 1, 2001. DHR submitted the list of 276 Special Assistant positions, including their recommended status as exempt or provisional positions, to the Board of Supervisors on September 7, 2001, or 48 working days after July 1, 2001. Attachment II, provided by DHR, is a list of 276 filled Special Assistant positions in 36 City departments that were reclassified from Special Assistant to management classifications under the MCCP on July 1, 2001.

The 276 Special Assistant positions represented by MEA were moved into the 15 new management classifications under the MCCP on July 1, 2001. Approval of the requested release of $15,260,220 would fund the salaries and fringe benefits for these positions for the six-month period from January 1, 2002 through June 30, 2002.

Comments:

1. According to Mr. Robert Pritchard of DHR, DHR reviewed all 276 Special Assistant positions, which are represented by MEA and were preliminarily allocated into the new management classifications on July 1, 2001, to determine if these positions

were classified as exempt or as subject to Civil Service procedures. Those positions, which were identified as subject to Civil Service procedures, were to have provisional appointments. Provisional Civil Service appointments are made when a competitive examination process has not been completed and no eligible list is available. Positions exempt from Civil Service are specifically identified in the City Charter. Charter Section 10.104 permits 19 categories of exempt appointments divided into three groupings. Charter Sections 10.104-1 through 10.104-12 contain 12 categories of exempt appointments ranging from new authorizations (e.g., "all supervisory and policy-level positions within the Office of the Mayor and the Office of the City Administrator") to the continuation of many of the exempt positions authorized by the 1932 Charter, such as commission secretaries, department heads, and members of boards and commissions. Charter Sections 10.104-13 through 10.104-15 contain three categories of exempt positions, which include attorneys, most physicians and dentists, the Employee Retirement System Actuary, and Assistant Sheriff. Charter Sections 10.104-16 through 10.104-19 contain four categories of exempt positions for part-time, seasonal, temporary, substitute, and disabled positions.

2. Mr. Pritchard states that DHR originally reviewed the 276 Special Assistant positions represented by MEA (of which, originally, 256 were exempt and 20 were provisional) and determined in the preliminary allocation process that of these 276 positions, 83 should be exempt and 193 should be provisional. After the further review requested by the Finance Committee, DHR determined that nine of the 276 former Special Assistant positions that were preliminarily allocated as exempt positions prior to July 1, 2001, should instead be classified into provisional Civil Service positions and that seven of the 276 former Special Assistant positions that were preliminarily allocated as Civil Service positions prior to July 1, 2001, should be classified

as exempt positions. Therefore, in total, DHR has identified 81 positions, or 29.3 percent, of the subject 276 positions as exempt positions, which includes seven positions that should be reclassified from provisional Civil Service positions to exempt positions and 74 positions that were already classified as exempt positions. The balance of 195 (276 less 81) are provisional positions. Attachment II shows the 81 exempt positions and the Charter Section covering the position.

3. Mr. Pritchard advises that 272 of the 276 subject positions were moved laterally into a new management classification with no change in pay. Two of the 276 subject positions were moved from lower Special Assistant classes into higher MCCP pay grades. According to Mr. Pritchard, the movement of these two positions into higher MCCP pay grades was required because these positions were allocated to Deputy Director or Department Head positions and no equivalent MCCP pay grade exists. One 1376 Special Assistant in the Business and Economic Development Department was allocated to a 0953 Deputy Director III (equivalent to a 1377 Special Assistant) and placed at an increased salary of $90 biweekly or $2,349 annually. One 1377 Special Assistant in the Department of Aging was allocated to a 0962 Department Head II (equivalent to a 1378 Special Assistant) and placed at an increased salary of $81 biweekly or $2,114 annually.

4. Mr. Pritchard advises that two of the 276 positions were allocated to lower equivalent MCCP pay grades because there were no equivalent MCCP pay grades for these positions. One 1375 Special Assistant in the Department of Aging was allocated to a 0952 Deputy Director II (equivalent to a 1374 Special Assistant) and placed at an increased salary of $85 biweekly or $2,219 annually. According to Mr. Pritchard, DHR placed the incumbent of the 1375 Special Assistant position in a salary step that resulted in an actual pay increase of $85 biweekly even though the

position was moved to the lower pay grade of a 0952 Deputy Director II in order to prevent a pay decrease for the incumbent. One 1376 Special Assistant in the Department of Elections was allocated to a 0954 Deputy Director II (equivalent to a 1374 Special Assistant) and placed at a salary step, which equaled the incumbent's existing rate of pay, in order to result in no pay decrease.

5. The total current increased salary cost of allocating these four Special Assistant positions to MCCP pay grades that are not equivalent to the Special Assistant pay grades is $256 biweekly or $6,682 annually.

6. The Board of Supervisors instructed DHR to show that (a) each of the 276 former Special Assistant positions had been appropriately classified into new management positions under the the MCCP, (b) each of the 276 former Special Assistant positions had been reclassified as Civil Service positions, based on minimum qualification requirements and based on a competitive selection process, and (c) specific criteria had been developed for each classification created by the MCCP.

7. According to Mr. Pritchard, DHR is continuing to negotiate with MEA regarding the implementation of the MCCP, and has not reached agreement with MEA at this time regarding the implementation of the MCCP and the new series of management classifications. Mr. Pritchard advises that, if DHR and MEA do not reach agreement regarding implementation of the MCCP and the new series of management classifications, DHR will conduct a job analysis in order to again reclassify the 276 former Special Assistant positions. Mr. Pritchard states that DHR has not yet established a timeline and implementation plan for once again reclassifying the subject 276 former Special Assistant positions into permanent Civil Service classifications. Mr. Pritchard advises that reclassifying the 276 former Special Assistant positions into permanent Civil Service

classifications, instead of using the new management classifications under the MCCP, will require DHR to evaluate the current job duties of each position and assign that position to the appropriate existing Civil Service classification. According to Mr. Pritchard, many of the 276 former Special Assistant positions will have job duties that do not coincide with existing Civil Service classifications, and DHR will be required to create new Civil Service classifications to accommodate the job duties of the position.

8. Any reclassification of the 276 former Special Assistant positions into existing or new Civil Service positions, resulting in increased salary costs, will be subject to Board of Supervisors approval. Under the Administrative Provision of the Annual Salary Ordinance, Section 1.1B, the Human Resources Director has authority to change the classification of a position, without obtaining approval of the Board of Supervisors, provided that the rate of pay is the same or less. The Budget Analyst recommends that, due to the scope of the reclassification of the 276 positions into new or existing Civil Service classifications, the reclassification of all 276 former Special Assistant positions be subject to Board of Supervisors approval. The Budget Analyst further recommends that DHR submit bimonthly reports to the Board of Supervisors on the status of the reclassification of the 276 positions.

9. According to Ms. Andrea Gourdine of DHR, if the Board of Supervisors does not approve the requested release of $15,260,220 to fund six months of salaries and fringe benefits for the subject 276 positions for the period from January 1, 2002 through June 30, 2002, the incumbents of these 276 positions will be laid off.

Recommendations: 1. Direct a letter to the DHR, requiring that the DHR submit bimonthly reports to the Board of Supervisors on the status of the reclassification of the 276 former Special Assistant positions into

existing or new Civil Service positions, as noted in Comment 8.

2. Direct a letter to the DHR, requiring that the DHR submit the reclassification of the 276 former Special Assistant positions into existing or new Civil Service positions to the Board of Supervisors for approval, as noted in Comment 8.

3. Approval of the requested release of reserved funds in the amount of $15,260,220 to fund six months of salaries and fringe benefits for the 276 Special Assistant positions is a policy matter for the Board of Supervisors.

Appendix C

Rates 6/30/01

Class Title and Job Code	Pay Grade	Range A						
		step 1	step 2	step 3	step 4	step 5	step 6	step 7
Manager I (0911)	1	1736	1823	1914	2009	2110	2215	2326
Manager II (0912)	2	1876	1970	2069	2172	2281	2395	2514
Manager III (0913)	3	2019	2120	2226	2337	2454	2577	2706
Manager IV (0921)	4	2172	2281	2395	2514	2640	2772	2910
Manager V (0922) Deputy Director I (0951)	5	2303	2418	2539	2666	2800	2940	3087
Manager VI (0923)	6	2478	2602	2732	2868	3012	3162	3320
Manager VII (0931) Deputy Director II (0952)	7	2666	2800	2940	3087	3241	3403	3574
Manager VIII (0932) Department Head I (0961)	8	2868	3012	3162	3320	3486	3661	3844
Manager IX (0933)	9	3087	3241	3403	3574	3752	3940	4137
Manager X (0941) Deputy Director III (0953)	10	3320	3486	3661	3844	4036	4238	4449
Manager XI (0942) Department Head II (0962)	11	3547	3724	3910	4106	4311	4527	4753
Deputy Director IV (0954) Department Head III (0963)	12	3777	3966	4164	4372	4591	4821	5062
Manager XII (0943) Deputy Director V (0955)	13	4028	4229	4440	4662	4895	5140	5397
Department Head IV (0964)	14	4334	4551	4779	5018	5269	5532	5809
	15	4662	4895	5140	5397	5667	5950	6247
	16	5018	5269	5532	5809	6099	6404	6725
Department Head V (0965)	17	5397	5667	5950	6247	6560	6888	7232

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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
Administrative Services	1372	0922	Manager V	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.16 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX	10.104.01	Deputy Director, Recycling Programs
	1374	0931	Manager VII	PEX	10.104.01	Deputy Director, County Clerk
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932 (0952)	Manager VIII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Budget, Finance & HR
	1375	0932 (0952)	Manager VIII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1376	0933 (0952)	Manager IX (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Mayor's Office on Disability
	1377	0941 (0953)	Manager X (Deputy Director III)	PEX	10.104.01 (10.104.06)	Deputy Director, Risk Management
	1378	0942	Manager XI	PV	N/A	
	1381	0943 (0955)	Manager XII (Deputy Director V)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1381	0943 (0955)	Manager XII (Deputy Director V)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director, Solid Waste, position is to move under Department of Environment
Aging	1373	0951	Deputy Director I	PEX	10.104.06	Deputy Director
	1377	0962	Department Head II	PEX	10.104.05	Department Head
	1375	0952	Deputy Director II	PEX	10.104.06	Deputy Director

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
Agriculture	1376	0961	Department Head I	PV (PEX)	N/A (10.104.05)	Count as exempt - Department Head should be exempt category 5. Exemption has not been requested or approved by the Civil Service Commission.
Airport Commission	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	NA	
	1372	0922	Manager V	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	

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Status Review of Special Assistants moved into the Management Classification/Compensation Plan
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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	TEX	10.104.18	Retired employee - project
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	

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Status Review of Special Assistants moved into the Management Classification/Compensation Plan 09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1378	0942	Manager XI	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0943	Manager XII	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1381	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Art Commission	1372	0951	Deputy Director I	PEX	10.104.06	Deputy Director
	1375	0961	Department Head I	PEX	10.104.05	Department Head
Assessor	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
Children/Family Commission	1372	0922	Manager V	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6 but is not in cap and requires Civil Service Commission approval for exemption status.
	1373	0923	Manager VI	PV (PEX)	N/A (10.104.05)	Count as exempt - Department Head should be exempt category 5 but is not in cap and requires Civil Service Commission approval for exemption status.
City Administrator	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.01	Director, Immigrant Rights provides management guidance to the Immigrant Rights Commission (IRC), a body of 15 members (11 appointed by the Board of Supervisors and 4 by the Mayor) by identifying, defining and developing policy issues and service programs
Convention Facilities Management	1372	0922	Manager V	PV	N/A	

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Status Review of Special Assistants moved into the Management Classification/Compensation Plan

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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1374	0931	Manager VII	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1374	0931 (0952)	Manager VII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Convention Facilities
	1376	0933 (0952)	Manager IX (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
Children, Youth & Families	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1380	0962	Department Head II	PEX	10.104.05	Department Head
Controller	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1375	0952	Deputy Director II	PEX	10.104.06	Deputy Director
City Planning Commission	1375	0932	Manager VIII	PEX	10.104.04	Commission Secretary
Civil Service Commission	1372	0951	Deputy Director I	PEX	10.104.06	Deputy Director
Child Support Services	1374	0952	Deputy Director II	PEX	10.104.06	Deputy Director
	1378	0942	Manager XI	PV	N/A	
District Attorney	1373	0923	Manager VI	PEX	10.104.02	Elected officers & their Chief Deputies or Chief Assistants
Building Inspection	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1378	0953	Deputy Director III	PEX	10.104.06	Deputy Director - needs Civil Service Commission approval for category 6 exemption.
Public Transportation - MUNI	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan 09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	TEX	10.104.18 project	The position organizes, coordinates and develops the Workfare Program and other Special Programs to enhance Fleet and Facilities appearance with S. F. Municipal Railway which provides PEAS reciplent, G. A. Workfare, Food Stamp Workfare, Sheriff's Work Alt
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1376	0933	Manager IX	PEX	8A.104i	MTA Exempt Prop E
Public Works	1372	0922	Manager V	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1374	0931	Manager VII	TEX	10.104.16	Retired employee - project
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	

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Status Review of Special Assistants moved into the Management Classification/Compensation Plan
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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
Human Services	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PEX	10.104.08	
Emergency Communications	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1376	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1378	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1380	0963	Department Head III	PEX	10.104.05	Department Head
Business & Economic Development	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1376	0933	Manager IX	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
	1381	0943	Manager XII	PV	N/A	
	1381	0943	Manager XII	PV	N/A	
Environment	1373	0923	Manager VI	PV	N/A	
	1373	0952	Deputy Director II	PEX	10.104.06	Deputy Director
Fire	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
Community Health Network	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1381	0943	Manager XII	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6. Exemption has not been requested or approved by the Civil Service Commission.
Public Health	1372	0922	Manager V	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6. Exemption has not been requested or approved by the Civil Service Commission.
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
Human Resources	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1376	0933	Manager IX	TEX	C2	Retired employee - project
Juvenile Court	1372	0922	Manager V	PV	N/A	
Public Defender	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
Port	1376	0933	Manager IX	PV	N/A	
	1381	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Public Utilities	1372	0922	Manager V	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Parking and Traffic	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	TEX	10.104.18 project	Project is to develop and implement the initial reorganization of the Parking and Traffic Citation Division. This position may be classified pending decision on consolidation into MUNI and review of requirements for position if and when consolidation is f
	1372	0922	Manager V	PV	N/A	
	1374	0952	Deputy Director II	PEX	10.104.06	Deputy Director
Recreation and Park	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1376	0933	Manager IX	PEX	10.104.18 Project	Position is responsible for directing the construction of an underground parking facility in Golden Gate Park, developing a feasibility and implementation plan for transit, traffic and infrastructure improvements, and creating a pedestrian oasis in the Mu
Registrar	1376	0952	Deputy Director II	PEX	10.104.06	Deputy Director II
	1377	0941 (0962)	Manager X (Department Head)	PV	N/A	Charter requires this position be subject to civil service procedures
Sheriff	1375	0932	Manager VIII	PEX	10.104.08	Confidential Secretary / Executive Assistant
Telecommunications/ Info Services	1372	0922	Manager V	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1373	0923	Manager VI	TEX (PV)	10.104.12 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	TEX	C2	Retired employee - project
	1376	0933	Manager IX	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1381	0963	Department Head III	PEX	10.104.05	Department Head
Treasurer/Tax Collector	1372	0922	Manager V	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Item 3 - File 01-2039

Department: Treasurer/Tax Collector

Item: Hearing to consider the release of reserved funds in the amount of $1,162,050 to fund the Treasurer/Tax Collector's new Business Tax System.

Amount: $1,162,050

Source of Funds: General Fund monies reserved by the Board of Supervisors for the Business Tax System in the Fiscal Year 2000-2001 Treasurer/Tax Collector budget.

Description: In the FY 2000-2001 budget, the Board of Supervisors appropriated and placed on reserve $1,162,050 of a total project appropriation of $2,162,050 for the replacement of the Business Tax System for the Treasurer/Tax Collector, pending the submission to the Board of Supervisors of budget details including the selection of the contractor and a formalized project plan for the conversion of the current Business Tax System to new software. According to Mr. Jay Banfield of the Treasurer/Tax Collector's Office, the Department has recommended that a contract of $1,250,000 be awarded to Tiburon Technologies, Inc., a consultant to provide for the conversion of the current Business Tax System to the new software.

Mr. Banfield advises that the Treasurer/Tax Collector has proposed the replacement of its existing Business Tax System[1] because the current system, which was developed in 1991, is based on out-of-date software that will no longer be technically supported by its vendor, Computer Associates. According to Mr. Banfield, the new Business Tax System will allow the Treasurer/Tax Collector to process inquiries and data more quickly and to streamline internal processes, resulting in quicker responses to the public and in the maximization of Business Tax revenues through the more efficient collection of Business Taxes. Due to technological advances of the new software, the system would be capable of establishing an early warning

[1] The current Business Tax System is based on the Integrated Data Management System (IDMS), a database software program.

system that would alert the Treasurer/Tax Collector's auditors of delinquent Business Taxes. As noted in Attachment I, Mr. Banfield states that the Treasurer/Tax Collector is working to improve its Business Tax collection efforts as a result of recommendations made by the Budget Analyst in the 1995 Management Audit of the Tax Collector's Office and in a follow-up report by the Budget Analyst in 1998.

Budget:

A summary budget for the total estimated project costs of $2,162,000 is as follows[2]:

Project Component	Estimated Costs
Contract with Tiburon Technologies, Inc. for Conversion of IDMS to Oracle (see Comment No. 2)	$1,250,000
Software Licenses (see Comment No. 3)	402,486
Hardware (see Comment No. 4)	400,000
Training (see Comment No. 5)	55,000
Automation/Consulting (see Comment No. 6)	54,514
Total Costs	**$2,162,000**

Attachment II, provided by the Treasure/Tax Collector, provides additional budget details for the summary budget shown above.

Comments:

1. Mr. Banfield reports that none of the $2,162,050 originally appropriated in the FY 2000-2001 budget has been expended. Therefore the proposed budget, as detailed above, is for the total project costs of $2,162,000.

2. Mr. Banfield reports the Department selected Tiburon Technologies, Inc. for the Business Tax System project through a Request for Proposals process for a contract not to exceed $1,250,000. Mr. Banfield further reports that out of ten firms responding to the Department's Request

[2] The Treasurer/Tax Collector is requesting the release of reserves for $1,162,050 and has submitted a proposed budget of $2,162,000 or $50 less than the $2,162,050 originally budgeted for the project appropriation.

for Proposals, Tiburon Technologies, Inc., scored the highest technically and submitted one of the two lowest cost proposals of the three firms found to be the most qualified, as shown in Attachment III, which was provided by the Treasurer/Tax Collector. According to Mr. Banfield, the Treasurer/Tax Collector's Office only evaluated the cost proposals of the three firms considered to be the most qualified. Ciber Inc. also submitted a cost proposal of $1,250,000. KPMG Consulting submitted a cost proposal of $1,255,800. According to Mr. Banfield the amount included in the FY 2000-2001 budget for this contract was $1,300,000.

3. Mr. Banfield reports that the Business Tax System project requires $374,058 in Software Licenses from vendors identified in Attachment II. The Treasurer/Tax Collector has requested a Contingency for Software Licenses of $28,428, or 7.6 % of Software Licenses costs for a total budget for Software Licenses of $402,486.

4. According to Mr. Banfield, the Treasurer/Tax Collector has already received quotes for hardware purchases totaling $366,542 from the City's Committee on Information Technology (COIT) approved Computer Store vendors, as detailed in Attachment II. The budget includes an additional $6,251 for the COIT fees assessed on Computer Store purchases, or approximately 1.56 % of the total hardware costs. Mr. Banfield reports that an additional $27,207, or about 6.8 % of the hardware costs, has been budgeted as a Contingency in order to meet unanticipated expenditures as the new system is implemented. Total expenditures for hardware purchases and contingency costs are $400,000.

5. Mr. Banfield reports that the budget request of $55,000 for Training will be conducted by Oracle, as shown in Attachment II.

6. Mr. Banfield states that the remaining balance of $54,514, of the total project costs of $2,162,000, has been budgeted for Automation/Consulting which is intended to streamline the use of the new Business Tax System. As stated in Attachment I, Mr. Banfield reports that the efforts to streamline the use of the Business Tax System

are as a result of recommendations made by the Budget Analyst in the 1995 Management Audit of the Office of the Treasurer/Tax Collector and in a subsequent report by the Budget Analyst in 1998. According to Mr. Banfield, the Department expects that the Automation/Consulting component of the project may be performed by Tiburon Technologies, Inc. However, Mr. Banfield adds, if an outside consultant is needed for the Automation/Consulting component of the project, the Department will solicit quotes from a COIT approved Computer Store vendor or select a contractor through a Request for Proposals process. Since the Treasurer/Tax Collector has not selected a consultant for the $54,514 budgeted for Automation/Consulting, and has not yet submitted budget details for this component of the project, the Budget Analyst recommends that this $54,514 remain on reserve pending selection of a consultant and submission of budget details to the Board of Supervisors.

Recommendations:

1. Approve the release of $1,107,486 of the requested $1,162,050 in reserved funds ($1,162,050 less $54,514 for Automation/Consulting as discussed in Comment No. 6 less $50 for which no budget details have been provided as noted in Footnote No. 2). This recommendation would leave $54,564 remaining on reserve.

2. Continue to reserve $54,564 pending submission of budget details to the Board of Supervisors.

Office of the Treasurer
& Tax Collector
City and County of San Francisco
City Hall, Room 140
#1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SUSAN LEAL, Treasurer
JAY BANFIELD, Chief Assistant Treasurer
Phone: (415) 554-4478

November 29, 2001

Mr. Harvey Rose
Budget Analyst
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
Room 244
San Francisco, CA 94102

Dear Mr. Rose:

During the FY 2000/2001 budget process, the Office of the Treasurer & Tax Collector requested and received $2,162,000 for the replacement of our Business Tax System. Our request of $2,162,000 was based on the following budgetary projections:

Conversion to Oracle	$1,300,000.00
Software Licenses	$ 107,000.00
Training	$ 55,000.00
Hardware	$ 400,000.00
Automation/Consulting	$ 300,000.00
Total	$2,162,000.00

As we approach the initiation of this replacement project, we have gathered additional information and have adjusted our budgetary projections as noted below:

Conversion to Oracle	$1,250,000.00
Software Licenses	$ 402,486.40
Training	$ 55,000.00
Hardware	$ 400,000.00
Automation/Consulting	$ 54,513.60
Total	$2,162,000.00

As you can see, the largest variance from our initial projection has been in Software Licenses, where our estimate increased from $107,000 to $402,486.40. Since the Board of Supervisors appropriated $2,162,000 for the business tax replacement project, we have adjusted our Automation/Consulting budget from $300,000 to $54,513.60. The Automation/Consulting line item is in response to the Budget Analyst's Recommendation of its *Follow-Up Review of the 1995 Management Audit of the Tax Collector's Office*:

"Implement a goal of processing all Business Tax statements received by the February 28 filing deadline within 30 working days, or by approximately April 15 of each year. Dedicate two clerical staff to full time scanning of statements during this 60 day period, and four clerical staff to full time data entry of complex statements, in order to achieve entry of all statements by April 15."

Our office has adopted the Budget Analyst's recommendation and has taken significant steps to achieving the goal. We see the replacement of the Business Tax system as the ideal time to look for additional opportunities to improve efficiencies, to make the process less labor intensive, and to meet the goals set forth by the Budget Analyst. Until we begin the transition to the new Business Tax System, it is impossible to describe those opportunities in detail. We do expect, however, to discover hardware and software components that can be deployed to leverage the new BTS technology. One area that we are particularly interested in exploring is the use of Web browser technology to extend the system to internal and external customers and thereby reduce our reliance on labor-intensive processes. As we achieve significant milestones in the project, we will be able to provide greater detail and advise as to whether the budgeted amount is sufficient to meet the needs of the department.

You have also asked about the benefits of a new Business Tax system. Your *Follow-Up Review of the 1995 Management Audit of the Tax Collector's Office* recommended "that the Tax Collector select a BTS replacement system which is capable of interfacing with the other automated systems in the Tax Collector's Office" because the current Business Tax System "remains a labor intensive system and will not link to any of the Tax Collector's other automated systems." The proposed replacement system will meet these objectives and result in, among other things, 1) increased level of audit tracking to ensure higher levels of business compliance; 2) greater speed in statement processing which improves customer satisfaction and voluntary taxpayer compliance; and 3) greater adherence to local tax law as the new BTS will allow for an integrated collection strategy.

Sincerely,

Jay Banfield

Attachment II

	Detail	Vendor	FY 2001/2002 Costs	FY 2002/2003 Costs	Total
Conversion to Oracle		Tiburon	$ 727,000.00	$ 523,000.00	$ 1,250,000.00
Software Licenses					
	iPlanet Application Server	*SUN*	$ 65,840.00	$ -	$ 65,840.00
	MicroFocus Server Express	*MicroFocus/Merant*	$ 18,540.00	$ -	$ 18,540.00
	Oracle 8i Enterprise Edition	*Oracle*	$ 79,028.00	$ -	$ 79,028.00
	Appworx Enterprise Scheduler	*AppWorx Corp*	$ 68,040.00	$ -	$ 68,040.00
	SyncSort	*SyncSort*	$ 12,070.00	$ -	$ 12,070.00
	LoadRunner	*Mercury Interactive*	$ 100,000.00	$ -	$ 100,000.00
	TeleForm	*TeleForm*	$ 21,000.00	$ -	$ 21,000.00
	Visual Basic Developer Advanced Edition	*Microsoft*	$ 1,000.00	$ -	$ 1,000.00
	Oracle 8i Professional Edition	*Oracle*	$ 8,540.00	$ -	$ 8,540.00
	Contingency		$ 28,428.40	$ -	$ -
			$ 402,486.40	$ -	$ 402,486.40
Hardware					
	NT Conversion server	*Desktop Products*	$ 29,858.43	$ -	$ 29,858.43
	NT Conversion server	*Desktop Products*	$ 29,306.52	$ -	$ 29,306.52
	UNIX Production and Development server	*Ciber, Inc.*	$ 296,995.56	$ -	$ 296,995.56
	Shipping costs		$ 10,381.00	$ -	$ 10,381.00 $ 366542
	COIT fee		$ 6,251.29	$ -	$ 6,251.29
	Contingency		$ 27,207.20	$ -	$ 27,207.20
			$ 400,000.00		$ 400,000.00
Training					
	Oracle Designer Tool	*Oracle*	$ 14,500.00	$ -	$ 14,500.00
	Oracle Developer Tool	*Oracle*	$ 33,300.00	$ -	$ 33,300.00
	Oracle Discover 3 Tool	*Oracle*	$ 7,200.00	$ -	$ 7,200.00
			$ 55,000.00		$ 55,000.00
Automation/Consulting	Pending Analysis		$ -	$ 54,513.60	$ 54,513.60
					$ 2,162,000.00

Vendors

	Score	
1	96	Tiberon
2	87	Ciber
3	79	KPMG
4	65	SQL Star
5	62	Central Station
5	62	Marotz
7	61	ISN
8	59	TechnoDyne
-	Non-responsive	Hindeliter, De Lamas, and Associates
-	Late – not considered	Xitec

Panelists

Rod	Loucks	Chief Technology Officer, DTIS
Kim	Thompson	Oracle Database Manager, DTIS
Mark	Buckley	Director of Business Tax Section, TTC
Jay	Banfield	Chief Assistant Treasurer, TTC
George	Putris	Tax Administrator, TTC

Scores and cost from interviewed Finalists

Vendor	Score	Bid Amount
Tiberon	96	$1,250,000
Ciber	87	$1,250,000
KPMG	79	$1,255,800

Item 4 – File 01-1929

Departments:	Department of Administrative Services, Real Estate Division (RED) Department of Human Resources (DHR)
Item:	Resolution authorizing an extension and amendment to an existing lease at 1145 Market Street for the Department of Human Resources.
Location:	Second floor of 1145 Market Street
Purpose of Lease:	To provide space for DHR's Health Service System, which administers the benefits for all City employees.
Lessor:	Angelo and Yvonne Sangiacomo, doing business as One Trinity Center ("Landlord")
Lessee:	City and County of San Francisco on behalf of DHR
Term of Proposed Extension:	Five years beginning January 1, 2002 and ending December 31, 2006. The City has the right to terminate the proposed extension on or after January 1, 2005. Thus, the term of the proposed extension is for at least three years and up to five years. According to Section 23.22 of the original lease, which also applies to the lease extension, this lease is subject to Charter Section 3.105 which requires that the Controller must certify that sufficient funds are appropriated for lease payments, or the lease could be terminated.
Description:	The proposed lease extension would extend an existing full service lease at 1145 Market Street for a period of up to five years. The lease would provide for the following three changes to DHR's existing lease: (1) Provide a right of termination allowing DHR to terminate the lease on the date of or after the first three years of the lease, or by January 1, 2005, upon giving 180 days' advance written notice;

(2) Reduce the space that DHR leases by 4,678 square feet or 25.6 percent, from 18,254 square feet to 13,576 square feet (see Comment No. 1); and
(3) Establish a new annual base rent of $3.00 per square foot per month, or $36.00 per square foot per year (see Comment No. 3).

No. of Sq. Ft. and Rental Cost To The City:

13,576 square feet at a base rent of $40,728 per month, or $3.00 per square foot per month, totaling $488,736 per year. Mr. Jerry Romani of the RED advises that the subject lease is a full service lease in which the $3.00 per square foot base rent includes all operating costs and real estate taxes ("Operating Expenses") to be paid by the Landlord. Operating costs include but are not limited to utilities, janitorial services and supplies, and garbage disposal services; general maintenance, cleaning and service contracts; required insurance; wages, salaries and other labor costs and employee benefits for security personnel; reasonable management fees; costs of independent contractors engaged by the Landlord; and accounting and legal expenses.

The City currently pays approximately $1.68 per square foot per month, or $22,807 per month, totaling $273,421 per year, which includes $1.46 per square foot in base rent plus $0.22 per square foot for increased Operating Expenses. Under the proposed lease extension, the City would pay $3.00 per square foot per month, or $40,728 per month, in base rent. Therefore, the City would pay 78.6 percent more in rent on a per square foot basis (an increase from $1.68 to $3.00). According to Mr. Romani, the City would pay an additional $1.32 per square foot per month ($3.00 less $1.68) in base rent under the terms of the proposed lease amendment and extension because the proposed base rent of $3.00 represents fair market value. The $3.00 per square foot base rent includes all Operating Expense during the 2002 base year.

Mr. Romani explains that the base rent is flat throughout the extended lease term. However, beginning January 1, 2003, for years two through five of the extended lease term, the City would be obligated to pay additional rent

equal to a percentage share of any increase in the lessor's Operating Expenses above what is already included in the base rent. There is no limitation as to what such additional increased costs may be charged to the City. Under the existing lease, according to Mr. Romani, the annual increase in additional rent paid by the City has averaged $0.055 per square foot per year (see "Additional Rent" below). According to Mr. Romani, the payment of additional rent for increased Operating Expenses is a standard provision for full service leases.

The DHR's percentage share of the total rentable space at 1145 Market Street under the existing lease agreement is 13.4 percent, or 18,254 square feet out of a total 135,842 square feet of rentable space. Under the proposed lease amendment, DHR would lease 13,576 square feet, or approximately 10 percent of the building's total 135,842 square feet of rentable space. Therefore, DHR would be required to pay approximately 10 percent of any increase in Operating Expenses above what is already included in the base rent (see "Additional Rent" below and Comment Nos. 1 and 2). As previously noted, there is no maximum as to what the additional costs to the City would be as a result of the Landlord's increased operating costs.

Additional Rent: Upon the completion of the first extension year of 2002, the City would pay to the Landlord each month, as additional rent above the $3.00 per square foot per month base rent, one-twelth of DHR's percentage share of approximately 10 percent of the amount, if any, by which the Operating Expenses exceed the 2002 base year Operating Expenses. In 2001, Operating Expenses are estimated at $0.83 per square foot per month, which is comprised of $0.61 as part of the base rent and $0.22 in increased Operating Expenses above the base rent. The $0.22 per square foot per month for increased Operating Expenses has accumulated over a four-year period during the term of the original lease. The average annual increase over the four-year period of the original lease was $0.055 per square foot per year. The $3.00 per square foot per month base rent in 2002 includes an estimated $0.87 per square foot per month for Operating Expenses.

Right of Renewal: None.

Tenant Improvements: None.

Source of Funds: DHR's annual budget, including funds currently appropriated for Fiscal Year 2001-2002.

Comments:

1. Although the existing lease agreement applies to 18,254 square feet, DHR currently occupies only 13,576 square feet on the second floor of 1145 Market Street, or 74.4 percent of the leased space. The other 4,678 square feet or 25.6 percent of leased space on the seventh floor has been occupied and paid for by the Metropolitan Transportation Agency (MTA) since this space was vacated by DHR's Workers' Compensation Division employees in August of 2000. The proposed lease amendments would therefore reflect DHR's currently occupied leased space.

2. Mr. Romani reports that DHR will pay approximately $273,421 in rent ($237,580 in base rent plus $35,841 in estimated increased Operating Expenses) for the 13,576 square feet occupied by DHR employees for calendar year 2001. Mr. William Lee of DHR reports that the MTA was responsible for the rent and additional Operating Expenses for the 4,678 square feet occupied by MTA employees for calendar year 2001.

3. The term of the existing lease began on February 14, 1997 and expires on December 31, 2001. According to the terms of the existing lease, the City has the right to extend the lease for an additional five-year term, beginning January 1, 2002, as proposed by this resolution. Under the terms of the existing lease, if the City elects to extend the lease for an additional five years, as proposed by this resolution, the rent is to be adjusted to equal the prevailing market rate for space of comparable size and location to the subject premises being offered for rent in other buildings similar in age and quality in the Civic Center area.

4. The existing lease for 18,254 square feet at 1145 Market Street includes (a) 13,576 square feet on the second floor for DHR's Health Service System and (b)

4,678 square feet on the seventh floor formerly occupied by DHR's Workers' Compensation Division and currently occupied by MTA employees. Mr. Lee advises that the DHR's Health Service System currently has a total of 63 persons occupying this space, including 51 City employees, three contracted employees from the PeopleSoft Benefits Administration Project and nine temporary Claims Technician employees with Sterling Services which has a contract with the City to do claims administration on a temporary basis at 1145 Market Street. These 63 persons occupy 13,576 square feet of office space on the second floor, resulting in approximately 215.5 square feet per person. As previously noted, the proposed lease amendment would not include the 4,678 square feet of space on the seventh floor currently occupied by MTA. The 4,678 square feet would be included in a separate lease between MTA and the lessor beginning January 1, 2002.

5. According to Mr. Lee, sufficient funds have been appropriated in DHR's FY 2001-2002 budget to pay for DHR's portion of base rent and additional costs of \$381,078.50. This amount, \$381,078.50, is the sum of \$136,710.50 (\$22,807 per month) in base rent and additional costs for the period from July 1, 2001 through December 31, 2001 under the existing lease and \$244,368 (\$40,728 per month) in base rent for the period from January 1, 2002 through June 30, 2002 under the proposed lease extension.

Recommendation: Approve the proposed resolution.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Sophie Maxwell

Clerk: Gail Johnson

Wednesday, December 12, 2001 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 10:11 a.m.

AGENDA CHANGES

Supervisor Leno announced that Item 5 would be taken out of order and considered last.

REGULAR AGENDA

011818 **[Reserved Funds, Human Resources Department]**

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $15,260,220 to fund the Citywide Management Classification/Compensation Plan (MCCP) on reserve for six months. (Human Resources Department)

11/9/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the November 28, 2001 meeting.

12/5/01, CONTINUED. Speakers: None.
Continued to December 12, 2001, meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Director, Employee Relations Division, Department of Human Resources; Edward Harrington, Controller.
Release of reserved funds in the amount of $2,543,370 (1/6 of funds requested) approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011939 **[Japan Center Garage Public Parking Lease between CCSF and San Francisco Japan Center Garage Corporation]**

Resolution approving the Japan Center Garage Public Parking Lease by and between the City and County of San Francisco and the City of San Francisco Japan Center Garage Corporation. (Parking and Traffic Department)

10/31/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ronald Szeto, Acting Director, Parking Authority, Department of Parking and Traffic; Jeff Mori, President, Japan Center Parking Corporation; Rob Eshelman, Legislative Assistant to Supervisor Gonzalez; Judi Nihei, Acting Executive Director, Japantown Task Force, Inc.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012116 **[Approval of Amendment(s) to Design Agreement for the Laguna Honda Hospital Replacement Program]**

Resolution authorizing the Director of Public Works to execute amendment(s) to a design agreement for the Laguna Honda Hospital Replacement Program from $7,599,717 to $29,900,000. (Public Works Department)

(Fiscal impact.)

11/28/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Lane, Program Manager, Laguna Honda Hospital Replacement Program.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012063 **[Mayor's Budget Instructions]**

Supervisors Peskin, Leno

Hearing on the Mayor's Budget instructions to City Departments for the 2002-03 budget. This hearing will be held upon release of the Mayor's Budget instructions.

11/13/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ben Rosenfield, Mayor's Budget Office; John Avolos, Coleman Advocates for Children and Youth; Margaret Brodkin, Coleman Advocates for Children and Youth; Ilena Menakin, People's Budget; Glynn Washington, Human Services Network; Steve Bingham; Charles Marsteller; Ginny Vida, Executive Director, Ethics Commission; John Bardis.

FILED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

011765 [Changing Travel Patterns and Commerce]

Supervisor Peskin

Hearing concerning the impact on changing travel patterns and commerce on the economic circumstances of the San Francisco International Airport, including the Airport's revenue, expenses and major project plans - including the San Francisco International Terminal.

10/1/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration as soon as possible.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Leo Fermin, Associate Deputy Airport Director, Business and Finance; David Lewis, Executive Director, Save the Bay; Eileen Boken, Sunset Parkside Education and Action Committee (SPEAK); Eric Saddik, Sierra Club; Amy Quirk, Alliance for a Clean Waterfront; John Bardis.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

010506 [Supplemental Appropriation]

Supervisor Peskin

Hearing regarding upcoming supplemental appropriations comprised of a report by the City Controller on supplemental budgetary items, reprogramming of funds within Departments, and other previously unforeseen fiscal actions by City Departments that will be brought before the Finance Committee.

3/19/01, RECEIVED AND ASSIGNED to Finance Committee.

5/16/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Edward Harrington, Controller; John Bardis.

11/26/01, FILED PURSUANT TO RULE 5.38.

12/3/01, REACTIVATED PURSUANT TO RULE 5.24. Supervisor Peskin requested this matter be reactivated, allowing the Controller and Mayor's Budget Office to report on the fiscal health of City departments in the current 2001-02 fiscal year.

12/3/01, ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Edward Harrington, Controller; Mike Hennessey, Sheriff; Supervisor Daly; Ben Rosenfield, Mayor's Budget Office.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

ADJOURNMENT

The meeting adjourned at 2:16 p.m.

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2/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

December 6, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: December 12, 2001 Finance Committee Meeting

Item 1 - File 01-1818

Note: This item was continued by the Finance Committee meeting of December 5, 2001.

Department: Department of Human Resources (DHR)

Item: Hearing to request release of $15,260,220 placed on reserve in the FY 2001-2002 budget of 36 City Departments by the Board of Supervisors to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 Special Assistant positions which were preliminarily allocated into new management classifications under the Citywide Management Classification/Compensation Plan, effective July 1, 2001.

Amount: $15,260,220

Source of Funds: FY 2001-2002 budget of 36 City Departments

Description: Pending a review by the Finance Committee of the reclassification of 276 Special Assistant positions represented by the Municipal Employees Association (MEA), the Board of Supervisors, in accordance with the Finance Committee's

recommendations, placed a reserve of $15,260,220 in the FY 2001-2002 budget of 36 City Departments to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 former Special Assistant positions represented by the MEA. Under the Memorandum of Understanding (MOU) between the City and MEA previously approved by the Board of Supervisors, which is effective from July 1, 2001 through June 30, 2003, the DHR created a new series of 15 management classifications under the MCCP (shown in Attachment I) and preliminarily allocated the 276 Special Assistant positions into the 15 new management classifications, effective July 1, 2001.

The Board of Supervisors instructed DHR to review the subject positions to determine if the positions should be classified as exempt positions or be subject to Civil Service procedures within 45 working days of July 1, 2001. DHR submitted the list of 276 Special Assistant positions, including their recommended status as exempt or provisional positions, to the Board of Supervisors on September 7, 2001, or 48 working days after July 1, 2001. Attachment II, provided by DHR, is a list of 276 filled Special Assistant positions in 36 City departments that were reclassified from Special Assistant to management classifications under the MCCP on July 1, 2001.

The 276 Special Assistant positions represented by MEA were moved into the 15 new management classifications under the MCCP on July 1, 2001. Approval of the requested release of $15,260,220 would fund the salaries and fringe benefits for these positions for the six-month period from January 1, 2002 through June 30, 2002.

Comments:

1. According to Mr. Robert Pritchard of DHR, DHR reviewed all 276 Special Assistant positions, which are represented by MEA and were preliminarily allocated into the new management classifications on July 1, 2001, to determine if these positions

were classified as exempt or as subject to Civil Service procedures. Those positions, which were identified as subject to Civil Service procedures, were to have provisional appointments. Provisional Civil Service appointments are made when a competitive examination process has not been completed and no eligible list is available. Positions exempt from Civil Service are specifically identified in the City Charter. Charter Section 10.104 permits 19 categories of exempt appointments divided into three groupings. Charter Sections 10.104-1 through 10.104-12 contain 12 categories of exempt appointments ranging from new authorizations (e.g., "all supervisory and policy-level positions within the Office of the Mayor and the Office of the City Administrator") to the continuation of many of the exempt positions authorized by the 1932 Charter, such as commission secretaries, department heads, and members of boards and commissions. Charter Sections 10.104-13 through 10.104-15 contain three categories of exempt positions, which include attorneys, most physicians and dentists, the Employee Retirement System Actuary, and Assistant Sheriff. Charter Sections 10.104-16 through 10.104-19 contain four categories of exempt positions for part-time, seasonal, temporary, substitute, and disabled positions.

2. Mr. Pritchard states that DHR originally reviewed the 276 Special Assistant positions represented by MEA (of which, originally, 256 were exempt and 20 were provisional) and determined in the preliminary allocation process that of these 276 positions, 83 should be exempt and 193 should be provisional. After the further review requested by the Finance Committee, DHR determined that 11 of the 276 former Special Assistant positions that were preliminarily allocated as exempt positions prior to July 1, 2001, should instead be classified into provisional Civil Service positions and that 5 of the 276 former Special Assistant positions that were preliminarily allocated as Civil Service positions prior to July 1, 2001, should be classified

as exempt positions. Therefore, in total, DHR has identified 81 positions, or 29.3 percent, of the subject 276 positions as exempt positions, which includes five positions that should be reclassified from provisional Civil Service positions to exempt positions and 76 positions that were already classified as exempt positions. The balance of 195 (276 less 81) are provisional positions. Attachment II shows the 81 exempt positions and the Charter Section covering the position.

3. Mr. Pritchard advises that 272 of the 276 subject positions were moved laterally into a new management classification with no change in pay. Two of the 276 subject positions were moved from lower Special Assistant classes into higher MCCP pay grades. According to Mr. Pritchard, the movement of these two positions into higher MCCP pay grades was required because these positions were allocated to Deputy Director or Department Head positions and no equivalent MCCP pay grade exists. One 1376 Special Assistant in the Business and Economic Development Department was allocated to a 0953 Deputy Director III (equivalent to a 1377 Special Assistant) and placed at an increased salary of $90 biweekly or $2,349 annually. One 1377 Special Assistant in the Department of Aging was allocated to a 0962 Department Head II (equivalent to a 1378 Special Assistant) and placed at an increased salary of $81 biweekly or $2,114 annually.

4. Mr. Pritchard advises that two of the 276 positions were allocated to lower equivalent MCCP pay grades because there were no equivalent MCCP pay grades for these positions. One 1375 Special Assistant in the Department of Aging was allocated to a 0952 Deputy Director II (equivalent to a 1374 Special Assistant) and placed at an increased salary of $85 biweekly or $2,219 annually. According to Mr. Pritchard, DHR placed the incumbent of the 1375 Special Assistant position in a salary step that resulted in an actual pay increase of $85 biweekly even though the

position was moved to the lower pay grade of a 0952 Deputy Director II in order to prevent a pay decrease for the incumbent. One 1376 Special Assistant in the Department of Elections was allocated to a 0954 Deputy Director II (equivalent to a 1374 Special Assistant) and placed at a salary step, which equaled the incumbent's existing rate of pay, in order to result in no pay decrease.

5. The total current increased salary cost of allocating these four Special Assistant positions to MCCP pay grades that are not equivalent to the Special Assistant pay grades is $256 biweekly or $6,682 annually.

6. The Board of Supervisors instructed DHR to show that (a) each of the 276 former Special Assistant positions had been appropriately classified into new management positions under the the MCCP, (b) each of the 276 former Special Assistant positions had been reclassified as Civil Service positions, based on minimum qualification requirements and based on a competitive selection process, and (c) specific criteria had been developed for each classification created by the MCCP.

7. As of the writing of this report, DHR is continuing to negotiate with MEA regarding the implementation of the MCCP, and has not reached agreement with MEA at this time regarding the implementation of the MCCP and the new series of management classifications. Mr. Pritchard advises that, if DHR and MEA do not reach agreement regarding implementation of the MCCP and the new series of management classifications, DHR will conduct a job analysis in order to again reclassify the 276 former Special Assistant positions. Mr. Pritchard states that DHR has not yet established a timeline and implementation plan for once again reclassifying the subject 276 former Special Assistant positions into permanent Civil Service classifications. Mr. Pritchard advises that reclassifying the 276 former Special Assistant positions into permanent Civil Service

classifications, instead of using the new management classifications under the MCCP, will require DHR to evaluate the current job duties of each position and assign that position to the appropriate existing Civil Service classification. According to Mr. Pritchard, many of the 276 former Special Assistant positions will have job duties that do not coincide with existing Civil Service classifications, and DHR will be required to create new Civil Service classifications to accommodate the job duties of the position.

8. Any reclassification of the 276 former Special Assistant positions into existing or new Civil Service positions, resulting in increased salary costs, will be subject to Board of Supervisors approval. Under the Administrative Provision of the Annual Salary Ordinance, Section 1.1B, the Human Resources Director has authority to change the classification of a position, without obtaining approval of the Board of Supervisors, provided that the rate of pay is the same or less. In the initial Budget Analyst report to the Finance Committee, the Budget Analyst recommended that the reclassification of the 276 positions into new or existing Civil Service classifications be submitted to the Board of Supervisors for approval. According to Ms. Molly Stump of the City Attorney's Office, Charter Section 10.101 gives jurisdiction regarding classifications to the Civil Service Commission. Therefore, the Budget Analyst recommends, due to the scope of the reclassification of the 276 positions into new or existing Civil Service classifications, that DHR submit a report to the Board of Supervisors detailing the reclassification of all 276 former Special Assistant positions upon completion of the reclassification. Any positions resulting in an increase in salary would be subject to Board of Supervisors approval. The Budget Analyst further recommends that DHR submit bimonthly reports to the Board of Supervisors on the status of the reclassification of the 276 positions.

9. According to Ms. Andrea Gourdine of DHR, if the Board of Supervisors does not approve the requested release of $15,260,220 to fund six months of salaries and fringe benefits for the subject 276 positions for the period from January 1, 2002 through June 30, 2002, the incumbents of these 276 positions will be laid off.

Recommendations:

1. Direct a letter to the DHR, requiring that the DHR submit bimonthly reports to the Board of Supervisors on the status of the reclassification of the 276 former Special Assistant positions into existing or new Civil Service positions, as noted in Comment 8.

2. Direct a letter to the DHR, requiring a that the DHR submit a report to the Board of Supervisors detailing the reclassification of all 276 former Special Assistant positions upon completion of the reclassification. Any positions resulting in an increase in salary would be subject to Board of Supervisors approval, as noted in Comment 8.

3. Approval of the requested release of reserved funds in the amount of $15,260,220 to fund six months of salaries and fringe benefits for the 276 Special Assistant positions is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Appendix C

Rates 6/30/01

Class Title and Job Code	Pay Grade	Range A						
		step 1	step 2	step 3	step 4	step 5	step 6	step 7
Manager I (0911)	1	1736	1823	1914	2009	2110	2215	2326
Manager II (0912)	2	1876	1970	2069	2172	2281	2395	2514
Manager III (0913)	3	2019	2120	2226	2337	2454	2577	2706
Manager IV (0921)	4	2172	2281	2395	2514	2640	2772	2910
Manager V (0922) Deputy Director I (0951)	5	2303	2418	2539	2666	2800	2940	3087
Manager VI (0923)	6	2478	2602	2732	2868	3012	3162	3320
Manager VII (0931) Deputy Director II (0952)	7	2666	2800	2940	3087	3241	3403	3574
Manager VIII (0932) Department Head I (0961)	8	2868	3012	3162	3320	3486	3661	3844
Manager IX (0933)	9	3087	3241	3403	3574	3752	3940	4137
Manager X (0941) Deputy Director III (0953)	10	3320	3486	3661	3844	4036	4238	4449
Manager XI (0942) Department Head II (0962)	11	3547	3724	3910	4106	4311	4527	4753
Deputy Director IV (0954) Department Head III (0963)	12	3777	3966	4164	4372	4591	4821	5062
Manager XII (0943) Deputy Director V (0955)	13	4028	4229	4440	4662	4895	5140	5397
Department Head IV (0964)	14	4334	4551	4779	5018	5269	5532	5809
	15	4662	4895	5140	5397	5667	5950	6247
	16	5018	5269	5532	5809	6099	6404	6725
Department Head V (0965)	17	5397	5667	5950	6247	6560	6888	7232

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
Administrative Services	1372	0922	Manager V	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP Implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.16 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PEX	10.104.01	Deputy Director, Recycling Programs
	1374	0931	Manager VII	PEX	10.104.01	Deputy Director, County Clerk
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932 (0952)	Manager VIII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Budget, Finance & HR
	1375	0932 (0952)	Manager VIII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1376	0933 (0952)	Manager IX (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Mayor's Office on Disability
	1377	0941 (0953)	Manager X (Deputy Director III)	PEX	10.104.01 (10.104.06)	Deputy Director, Risk Management
	1378	0942	Manager XI	PV	N/A	
	1381	0943 (0955)	Manager XII (Deputy Director V)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1381	0943 (0955)	Manager XII (Deputy Director V)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director, Solid Waste, position is to move under Department of Environment
Aging	1373	0951	Deputy Director I	PEX	10.104.06	Deputy Director
	1377	0962	Department Head II	PEX	10.104.05	Department Head
	1375	0952	Deputy Director II	PEX	10.104.06	Deputy Director

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the
Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
Agriculture	1376	0961	Department Head I	PV (PEX)	N/A (10.104.05)	Count as exempt - Department Head should be exempt category 5. Exemption has not been requested or approved by the Civil Service Commission.
Airport Commission	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	NA	
	1372	0922	Manager V	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	NA	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
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Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	TEX	10.104.18	Retired employee - project
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1378	0942	Manager XI	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0943	Manager XII	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
	1381	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Art Commission	1372	0951	Deputy Director I	PEX	10.104.06	Deputy Director
	1375	0961	Department Head I	PEX	10.104.05	Department Head
Assessor	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
Children/Family Commission	1372	0922	Manager V	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6 but is not in cap and requires Civil Service Commission approval for exemption status.
	1373	0923	Manager VI	PV (PEX)	N/A (10.104.05)	Count as exempt - Department Head should be exempt category 5 but is not In cap and requires Civil Service Commission approval for exemption status.
City Administrator	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.01	Director, Immigrant Rights provides management guidance to the Immigrant Rights Commission (IRC), a body of 15 members (11 appointed by the Board of Supervisors and 4 by the Mayor) by identifying, defining and developing policy issues and service programs
Convention Facilities Management	1372	0922	Manager V	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1374	0931	Manager VII	PEX (PV)	10.104.01 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1374	0931 (0952)	Manager VII (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Convention Facilities
	1376	0933 (0952)	Manager IX (Deputy Director II)	PEX	10.104.01 (10.104.06)	Deputy Director, Administrative Services
Children, Youth & Families	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1380	0962	Department Head II	PEX	10.104.05	Department Head
Controller	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1375	0952	Deputy Director II	PEX	10.104.06	Deputy Director
City Planning Commission	1375	0932	Manager VIII	PEX	10.104.04	Commission Secretary
Civil Service Commission	1372	0951	Deputy Director I	PEX	10.104.06	Deputy Director
Child Support Services	1374	0952	Deputy Director II	PEX	10.104.06	Deputy Director
	1378	0942	Manager XI	PV	N/A	
District Attorney	1373	0923	Manager VI	PEX	10.104.02	Elected officers & their Chief Deputies or Chief Assistants
Building Inspection	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1378	0953	Deputy Director III	PEX	10.104.06	Deputy Director - needs Civil Service Commission approval for category 6 exemption.
Public Transportation - MUNI	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	TEX	10.104.18 project	The position organizes, coordinates and develops the Workfare Program and other Special Programs to enhance Fleet and Facilities appearance with S. F. Municipal Railway which provides PEAS recipient, G. A. Workfare, Food Stamp Workfare, Sheriff's Work Alt
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	8A.104i	MTA Exempt Prop E
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1374	0931	Manager VII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1375	0932	Manager VIII	PEX	8A.104i	MTA Exempt Prop E
	1376	0933	Manager IX	PEX	8A.104i	MTA Exempt Prop E
Public Works	1372	0922	Manager V	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1374	0931	Manager VII	TEX	10.104.16	Retired employee - project
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions Is Identified In the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
Human Services	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PEX	10.104.08	
Emergency Communications	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1376	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1378	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1380	0963	Department Head III	PEX	10.104.05	Department Head
Business & Economic Development	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1376	0933	Manager IX	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is Identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1376	0933	Manager IX	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
	1380	0943	Manager XII	PV	N/A	
	1381	0943	Manager XII	PV	N/A	
	1381	0943	Manager XII	PV	N/A	
Environment	1373	0923	Manager VI	PV	N/A	
	1373	0952	Deputy Director II	PEX	10.104.06	Deputy Director
Fire	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
Community Health Network	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1381	0943	Manager XII	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6. Exemption has not been requested or approved by the Civil Service Commission.
Public Health	1372	0922	Manager V	PV (PEX)	N/A (10.104.06)	Count as exempt - Deputy Director should be exempt category 6. Exemption has not been requested or approved by the Civil Service Commission.
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	
	1377	0941	Manager X	PV	N/A	
	1377	0941	Manager X	PV	N/A	
Human Resources	1372	0922	Manager V	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1373	0923	Manager VI	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1376	0933	Manager IX	TEX	C2	Retired employee - project
Juvenile Court	1372	0922	Manager V	PV	N/A	
Public Defender	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
Port	1376	0933	Manager IX	PV	N/A	
	1381	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Public Utilities	1372	0922	Manager V	PV	N/A	
	1375	0932	Manager VIII	PV	N/A	
	1380	0955	Deputy Director V	PEX	10.104.06	Deputy Director
Parking and Traffic	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	TEX	10.104.18 project	Project is to develop and implement the initial reorganization of the Parking and Traffic Citation Division. This position may be classified pending decision on consolidation into MUNI and review of requirements for position if and when consolidation is f
	1372	0922	Manager V	PV	N/A	
	1374	0952	Deputy Director II	PEX	10.104.06	Deputy Director
Recreation and Park	1372	0922	Manager V	PEX	10.104.04	Commission Secretary
	1376	0933	Manager IX	PEX	10.104.18 Project	Position is responsible for directing the construction of an underground parking facility in Golden Gate Park, developing a feasibility and implementation plan for transit, traffic and infrastructure improvements, and creating a pedestrian oasis in the Mu
Registrar	1376	0952	Deputy Director II	PEX	10.104.06	Deputy Director II
	1377	0941 (0962)	Manager X (Department Head)	PV	N/A	Charter requires this position be subject to civil service procedures
Sheriff	1375	0932	Manager VIII	PEX	10.104.08	Confidential Secretary / Executive Assistant
Telecommunications/ Info Services	1372	0922	Manager V	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1372	0922	Manager V	PEX	10.104.08	Confidential Secretary / Executive Assistant
	1373	0923	Manager VI	TEX (PV)	10.104.12 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1373	0923	Manager VI	TEX	C2	Retired employee - project
	1376	0933	Manager IX	TEX (PV)	10.104.18 (N/A)	Information available to date indicates that this position should be subject to civil service; position will be classified during Phase Two of the MCCP implementation.
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1377	0953	Deputy Director III	PEX	10.104.06	Deputy Director
	1381	0963	Department Head III	PEX	10.104.05	Department Head
Treasurer/Tax Collector	1372	0922	Manager V	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Status Review of Special Assistants moved into the Management Classification/Compensation Plan
09/05/2001

Department	SA Job Code	Job Code	Title	Status	Category	Project/Job Title
	1372	0922	Manager V	PV	N/A	
	1372	0922	Manager V	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1374	0931	Manager VII	PV	N/A	
	1376	0933	Manager IX	PV	N/A	

Exempt positions are identified as PEX and provisional positions are identified as PV. The recommended change in position status is contained in parentheses. The Charter Section authorizing exempt positions is identified in the category column.

Item 2 - File 01-1939

Department:	Department of Parking and Traffic (DPT)
Item:	Resolution approving the Japan Center Garage Public Parking Lease by and between the City and County of San Francisco (through the DPT) as lessor and the City of San Francisco Japan Center Garage Corporation as lessee. This resolution would authorize the DPT to enter into a 15-year lease, with one 15-year option, without the use of competitive bidding, with the existing lessee, the Japan Center Garage Corporation, a non-profit corporation, as lessee, to manage the City-owned Japan Center Garage parking facilities located at 1610 Geary Boulevard.
Location:	1610 Geary Boulevard between Fillmore and Laguna
Purpose of Lease:	Management of Japan Center Parking Garage Facilities
Lessor:	City and County of San Francisco
Lessee:	City of San Francisco Japan Center Garage Corporation (JCGC), a nonprofit corporation
No. of Sq. Ft.:	The Japan Center Parking Garage facilities (Garage) contains 352,100 square feet and accommodates 920 vehicles.
Annual Rent and Net Parking Revenues Payable By JCGC to the City's Off-Street Parking Fund:	$1.00 over the fifteen-year term of the lease; plus, 75 percent of net revenues, consisting of estimated gross revenues of $2,830,000 less Parking Taxes at 20 percent or $566,000 of gross revenues[1], less operating expenses of an estimated $1,325.000, resulting in estimated net revenues to the City of $704,250 annually based on existing parking rates.

[1] Parking Taxes are 25 percent of Parking Fees and are included in posted rates, so when calculating Parking Taxes from Gross Revenues they equal 20 percent of Gross Revenues.

Utilities and Janitorial Services Payable by Lessee from Parking Revenues: All costs for utilities and janitorial services would be approved annually by the Controller and the DPT as part of their approval of all operating costs under the existing and proposed lease and are the responsibility of the Lessee.

Term of Lease: The lease term is fifteen years, commencing on December 1, 2001 or upon approval of the Board of Supervisors and expiring on December 1, 2016. The City can terminate the lease without cause at any time, upon 90 days notice.

Right of Renewal: One option to extend the lease for an additional fifteen years.

Description: The proposed resolution would authorize the Department of Parking and Traffic to enter into a lease, without using a competitive bid process, with JCGC, a nonprofit corporation, to manage the Japan Center Garage facilities located at 1660 Geary Boulevard. According to Section 17.11 of the Administrative Code, the Parking and Traffic Commission can lease a parking facility, without a competitive process, to a nonprofit corporation for the purpose of facilitating the financing of a parking facility, as authorized and approved by the Board of Supervisors.

The Garage is comprised of two parking structures that accommodate a total of 920 vehicles. According to Mr. Ronald Szeto of the Department of Parking and Traffic, the Garage is owned by the City and currently leased by the City to the JCGC.

In 1999, the Board of Supervisors approved: (a) the dissolution of the City of the San Francisco Western Addition Parking Corporation (WAPC), a non-profit corporation, which was the prior Garage lessee; (b) the transfer of the remaining assets and liabilities of WAPC to JCGC, a non-profit corporation; (c) a five year lease commencing on December 1, 1999 and expiring on November 30, 2004, with the JCGC as lessee for the Japan Center Garage (see Comment No. 1); and (d)

acceptance of a gift to the City of $550,000 from WAPC for the renovation of the Peace Plaza at the Japanese Cultural Trade Center. According to Mr. Szeto, the use of a non-profit corporation facilitates lease revenue financing at minimal risk to the City.

Under the current lease with JCGC, which has been in effect since December 1, 1999, the Japan Center Garage Corporation allocates 85 percent of the Garage's net revenues, to the City's Off-Street Parking Fund. Under the proposed new lease, 75 percent, instead of 85 percent of net revenues, would be allocated to the Off-Street Parking Fund. According to Mr. Szeto, this percentage reduction would result in reduced parking revenues of an estimated $103,250 annually to be allocated to the Off-Street Parking Fund. Mr. Szeto states that the net revenue for FY 2000-2001 for the City will be approximately $807,500 at the 85 percent rate while under the proposed lease, the anticipated net revenue of allocating 75 percent of the Garage's net income to the Off-Street Parking Fund will be approximately $704,250 annually, or $103,250 less, as shown in Attachment I provided by the DPT.

Under the existing lease, 15 percent of net revenues are transferred to a capital account for the Garage. Under the proposed lease, the Japan Center Parking Corporation will transfer 25 percent of net revenues to this capital account to be used for Garage capital improvements. This percentage allocation for capital improvements would be derived from the corresponding reduced allocation to the Off-Street Parking Fund. According to Mr. Szeto, the increased contribution to the capital account, from 15 percent of net revenues to 25 percent of net revenues, has been proposed because under the current lease, the Japan Center Garage has been insufficiently funded for capital projects. Mr. Szeto further reports that at the time of the dissolution of WAPC and formation of JCGC, WAPC transferred $589,335 to JCGC for the capital account. In Attachment III, provided by DPT, Mr. Szeto provides further details on the need for increased capital funds of JCGC. Under the existing lease, the capital fund account can have an accumulated balance of up to a maximum of $1 million. Under the proposed lease, the capital fund

account can have an accumulated balance of up to a maximum of $2 million. If the capital fund at any time exceeds the current maximum of $1 million or the proposed maximum of $2 million, such excess funds must be transferred to the City's Off-Street Parking Fund. The balance of the capital fund account is currently $296,322, according to Mr. Szeto.

Mr. Szeto reports that under the current and proposed lease terms, JCGC must obtain Parking and Traffic Commission authorization before expending any funds from the capital account. Under the terms of the proposed lease, the Controller and the Parking and Traffic Commission will continue to have review and approval authority for the annual budget of the Garage, including expenditures from the capital account.

According to Mr. Szeto, the Japan Center Garage Corporation would continue to contract for management of the Garage with a parking operator to be selected under a Bid/Request for Proposals (RFP) process in accordance with the lease agreement. Presently, the garage operator is Ampco System Parking. JCGC must employ a professional parking operator with a staff experienced in the management and operation of public parking facilities. The selection of the parking operator is subject to approval by both the Parking and Traffic Commission and the Board of Supervisors in accordance with Section 17.11 of the Administrative Code. The current agreement with Ampco System Parking, which was previously approved by the Board of Supervisors, is now on a month-to-month basis. Mr. Szeto reports that the JCGC is currently conducting a competitive bid/RFP process for a new parking operator agreement which will be subject to Board of Supervisors approval.

Mr. Szeto further reports that under the terms of the lease, Japan Center Garage Corporation would provide the Japantown Task Force, a non-profit corporation, with $50,000 annually for five years, from January 1, 2002 through December 31, 2007, from garage parking revenues to be expended for marketing for Japantown and also to create a long-term conceptual plan for community businesses. Attachment II, provided by DPT, describes

how the Japantown Planning, Preservation and Development Task Force was established and provides a list of the 49 former members of the Japantown Planning, Preservation and Development Task Force. Mr. Szeto advises that the Japantown Planning, Preservation and Development Task Force dissolved upon the establishment of the Japantown Task Force, whose 15 members are also listed in Attachment II.

Comments:

1. Mr. Szeto reports that, previously, the Board of Supervisors requested that DPT monitor and evaluate the JCGC during the current lease period and make recommendations to terminate or extend the use of the not-for-profit parking corporation for the Garage. Mr. Szeto further reports that DPT has found JCGC to be successful in its management of the Garage. According to Mr. Szeto, for this reason the DPT has now proposed a new lease of 15 years with JCGC even though the existing lease with JCGC does not expire until November 30, 2004.

2. As stated above, the proposed lease term is fifteen years, retroactive from December 1, 2001 to November 1, 2016, with one option to extend the lease for an additional fifteen years. As previously noted, the DPT already has an existing lease with the Japan Center Garage Corporation and therefore there is no need to begin the proposed lease on December 1, which would require retroactivity.

Recommendations:

1. Amend the proposed lease to commence January 1, 2002, instead of December 1, 2001, as discussed in Comment No. 2 above.

2. Approval of the proposed resolution, as amended, is a policy decision for the Board of Supervisors.

Attachment I

JAPAN CENTER GARAGES

Calendar Year	1999 JAN. thru NOV. WAPC	1999 DEC. JCGC	2000 Actual	2001 Actual / Anticipated	2002 Projected
Gross Revenue	$ 2,134,897	$ 195,441	$ 2,357,218	$ 2,750,000	$ 2,830,000
Parking Taxes	418,270	38,773	460,407	550,000	566,000
Operating Expenses	1,008,618	91,196	1,082,598	1,250,000	1,325,000
Net Revenue	708,009	65,472	814,213	950,000	939,000
Corporation's Capital Fund	708,009	*599,157	**122,132	**142,500	***234,750
Capital Funds Expended	****662,697	0	255,038	370,852	418,500
City's Percentage	0	55,651	692,081	807,500	704,250
DPT (Gross Receipts Tax)	*****(429,157)	0	0	0	0
Net City Income	(429,157)	55,651	692,081	807,500	704,250

Japan Center Garage Corporation "JCGC" established December 1, 1999

* Corporation's Beginning Balance transfer from WAPC assests ($589,336) and 15% of Dec. Revenue ($9,821)

** Corporation's Percentage @ 15% of Net Revenues

*** Corporation's Percentage @ 25% of Net Revenues

**** Includes $550,000 transfer to DPW for Plaza Renovation Project

***** 11 Months Through November 1999

H:\Items\[BofS Revenues 1999-2002 A.xls]Sheet1

City and County of San Francisco

SAN FRANCISCO
DPT
DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: December 5, 2001

TO: Sarah Graham
Analyst
Budget Analyst's Office

FROM: Ronald Szeto RS
Acting Director
Parking Authority

RE: **Japan Center Garage Corporation Lease**

The purpose of this memorandum is to provide a written response to the questions that you verbally asked to me on December 5, 2001.

Question: How were the Japantown Planning, Preservation and Development Task Force members appointed or selected?
Community members whom attended town-hall meetings formed the initial members of the Japantown Planning, Preservation and Development Task Force. These initial members (approximately 20) were not appointed by any public official. These initial members subsequently elected officers and form an executive committee to review other nominated members. The executive committee made recommendation to the full Task Force which than voted on the recommendations.

Question 2: Who are the members of the Japantown Planning, Preservation and Development Task Force?
Attached is a list of the current members.

H:\PARKING\Garages\Japan Center\Budget Analyst Question 12-05-01.doc

(415) 554-PARK FAX (415) 554-9834 25 Van Ness Avenue, Suite 410 San Francisco, CA 94102-4576

JAPANTOWN PLANNING, PRESERVATION AND DEVELOPMENT TASK FORCE

Sandy Mori, Chair
Neal Taniguchi, Treasurer
Mark Moriguchi, Secretary
Hats Aizawa
Douglas Dawkins
Steven Doi
Rev. Tim Dupre
Chris Durazo
Seiko Fujimoto
Colin Gomez
Geri Handa
Rod Henmi
Daryl Higashi
Chris Hirano
Yo Hironaka
David Ishida
Sara Ishikawa
Caryl Ito
Richard Jue
Karen Kai
Rev. Masato Kawahatsu
Gary Kitahata
Sox Kitashima
Travis Kiyota
Dr. Kyo D. Lee
Osamu Machida
Greg Marutani
Tak Matsuba
Jeff Mori
Carol Murata
Kaz Naganuma
Steve Nakajo
Kathy Nelsen
Rumi Okabe
Allen Okamoto
Tak Onishi
Jerry Ono
Jon Osaki
Paul Osaki
Min Paek
Chris Schultz
Sam Seiki
Kenji Taguma
Erika Tamura
Will Tsukamoto
Richard Wada
Pamela Wu
J.K. Yamamoto
George Yamasaki, Jr.

JAPANTOWN Task Force, Inc
1765 Sutter Street, Suite 1, San Francisco, California 94115

Board List

December 5, 2001

Sheila Chung
Doug Dawkins
Seiko Fujimoto
Colin Gomez
David Ishida
Caryl Ito, Vice President*
Tak Matsuba
Jeff Mori, President*
Mark Moriguchi, Secretary/Treasurer*
Benh Nakajo
Jon Osaki
Bob Otsuka
Pat Shiono
Rosalyn Tonai
Mariko Watanabe

* Indicates officers

Phone: (415) 346-1239 Fax: (415) 346-6703 Email: jtowntaskforce@juno.com

City and County of San Francisco

SAN FRANCISCO DPT DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: November 30, 2001

TO: Sarah Graham
Analyst
Budget Analyst's Office

FROM: Ronald Szeto RS
Acting Director
Parking Authority

RE: Japan Center Garage Corporation Lease

The purpose of this memorandum is to provide written response to the questions that you verbally asked to me on November 29, 2001.

Questions: Explain why the Corporation need to increase the Capital Account from 15% to 25% and the maximum balance from $1,000,000 to $2,000,000?, Why is the 15% insufficient?, and What are the future capital improvements?
Pursuant to the existing Lease, the Corporation received and deposited $589,336 on December 1, 1999 transferred from the Western Addition parking Corporation. Since December 1, 1999, the Corporation retained and deposited 15% of net income into the Capital Account to fund capital expenditures.

In almost two years, 2000 and 2001, the Corporation will expend approximately $467,339 ($625,890 minus $158,551 for debt repayment to the City) for capital improvement while depositing only $265,000 in the capital account. Fortunately, the Corporation received $586,336 transferred from the Western Addition Parking Corporation as mentioned above. The balance as of October 31, 2001 was $296,322.

Under the 15% scenario, the Corporation does not have the appropriate funding for all of the necessary capital improvements. If this situation persists, then the Corporation will need to defer capital works for the ventilation system and the waterproofing or borrow fund for said improvements. Deferred waterproofing could lead to expensive structural repairs.

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By authorizing the Corporation to retain and deposit 25% of net revenues, the Corporation will be in position to address the capital works for the ventilation system and the waterproofing in the next several years. Meanwhile, the Corporation will continue with parking equipment upgrades, lighting improvement, and to safety enhancements. After the ventilation improvement and waterproofing, the Corporation would begin to accumulate funds, up to $2,000,000, for future needs.

In the event that the Corporation were required to address improvements costing over $1,000,000 (e.g., structural improvements from an earthquake or adding additional access), the Corporation would have more funds available than under the existing lease arrangement.

Attached are the projected sources and uses of funds for both lease arrangements.

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JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING DECEMBER 31

		2000	2001	*2002	**2003	2004	**2005	2006	2007	2008	2009	2010	TOTAL
SOURCE OF FUNDS													
Projected Annual Surplus		814,213	950,000	939,000	967,170	996,185	956,071	1,056,853	1,088,558	1,121,215	1,154,852	1,189,497	11,233,614
City Disbursement @ 85%		692,081	807,500	798,150	822,095	846,757	812,660	898,325	925,275	953,033	981,624	1,011,073	9,548,572
Corporation Disbursement @ 15%		122,132	142,500	140,850	145,076	149,428	143,411	158,528	163,284	168,182	173,228	178,425	1,685,042
Beginning Surplus + Year End Surplus		599,157	480,465	252,113	24,463	105,679	175,538	45,757	63,597	24,008	42,933	62,427	1,876,135
CORPORATION'S TOTAL FUND YEAR END		721,289	622,965	392,963	169,539	255,106	318,949	204,285	226,881	192,190	216,161	240,851	3,561,177
APPLICATION OF FUNDS	*Current project est. + expendures to date*												*Includes 3%/yr increase from 2002 project cost*
Equipment/Circulation Improvement													
Lower Level/Annex Improvement	94,750	2,250	92,500										94,750
Upper Level Main Garage recoat	250,000						273,192						273,192
Emergency Generator	125,000			125,000									125,000
Electrical Engineering Fee	25,000			25,000									25,000
Cashier Queue Area Expansion	123,785		12,785	61,000	51,500								125,285
2 Automatic Pay Stations	100,000			100,000									100,000
Parking Equipment Replace/Upgrades	349,726		149,726			79,568		84,413				63,338	377,045
Japanese Landscape and Design	25,304	25,304											25,304
Post Street Exit Modification	94,933	54,719	40,214										94,933
Floor Cleaning Machines	106,972		66,972									50,671	117,643
Garage Painting	175,000								202,873				202,873
Signage	57,991		7,991	50,000									57,991
Graphics	50,000							56,275					56,275
Exhaust Fan Renovation	250,000									149,257	153,734		302,991
Fire Door Replacement	12,000				12,360								12,360
Electric Vehicle Charging Station (3)	45,000											57,005	57,005
Repayment of City Debt and Interest	158,551	158,551											158,551
Contingency	8,164		664	7,500									8,164
Others													
Others													
Others													
TOTAL CAPITAL EXPENSES	2,052,176	240,824	370,852	368,500	63,860	79,568	273,192	140,688	202,873	149,257	153,734	171,014	2,214,362
CAPITAL FUND YEAR END SURPLUS		480,465	252,113	24,463	105,679	175,538	45,757	63,597	24,008	42,933	62,427	69,837	1,346,815

***Proposed Commencement of Japan Center Garage Corporation Lease**

**** Revenues are projected with a 3% increase per year from 2002 with a reduction of $70,000 for 2005 due to loss in revenue from waterproof recoat construction.**

Prepard by: Steven Lee, DPT & Richard Hashimoto, JCGC
November 30, 2001

JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING DECEMBER 31

		2000	2001	*2002	**2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
SOURCE OF FUNDS													
Projected Annual Surplus		814,213	950,000	939,000	902,170	996,185	1,026,071	1,056,853	1,088,558	1,121,215	1,154,852	1,189,497	11,238,614
City Disbursement @ 75%		692,081	807,500	704,250	676,628	747,139	769,553	792,640	816,419	840,911	866,139	892,123	8,605,381
Corporation Disbursement @ 25%		122,132	142,500	234,750	225,543	249,046	256,518	264,213	272,140	280,304	288,713	297,374	2,633,232
Beginning Surplus + Year End Surplus		599,157	480,465	252,113	68,363	24,046	21,128	45,440	112,690	107,763	334,335	623,048	2,668,547
CORPORATION'S TOTAL FUND YEAR END		721,289	622,965	486,863	293,906	273,092	277,645	309,654	384,829	388,067	623,048	920,422	5,301,780
APPLICATION OF FUNDS													
Equipment/Circulation Improvement	*Current project est. + expendures to date*												*Includes 3%/yr increase from 2002 project cost*
Lower Level/Annex Improvement	94,750	2,250	92,500										94,750
Upper Level Main Garage recoat	250,000			**50,000**	**206,000**								256,000
Emergency Generator	125,000			125,000									125,000
Electrical Engineering Fee	25,000			25,000									25,000
Cashier Queue Area Expansion	123,785		12,785	61,000	51,500								125,285
2 Automatic Pay Stations	100,000			100,000									100,000
Parking Equipment Replace/Upgrades	349,726		149,726			**159,135**		56,275					365,136
Japanese Landscape and Design	25,304	25,304											25,304
Post Street Exit Modification	94,933	54,719	40,214										94,933
Floor Cleaning Machines	106,972		66,972									50,671	117,643
Garage Painting	175,000					**92,829**	**95,614**						188,443
Signage	57,991		7,991	50,000									57,991
Graphics	50,000						**54,636**						54,636
Exhaust Fan Renovation	250,000							**140,689**	**144,909**				285,598
Fire Door Replacement	12,000				12,360								12,360
Electric Vehicle Charging Station	45,000									**53,732**			53,732
Repayment of City Debt and Interest	158,551	158,551											158,551
Contingency	8,164		664	7,500									8,164
Others													
Lighting Retrofit	75,000						**81,955**						81,955
Carbon Monoxide Detetors	64,000								**74,193**				74,193
Floor Cleaning Machine	40,000											**50,671**	50,671
Parking Equipment Replace/Upgrades	50,000								**57,964**				57,964
TOTAL CAPITAL EXPENSES	2,281,176	240,824	370,852	418,500	269,860	251,964	232,205	196,964	277,066	53,732	-	101,342	2,413,309
CAPITAL FUND YEAR END SURPLUS		480,465	252,113	68,363	24,046	21,128	45,440	112,690	107,763	334,335	623,048	819,080	2,888,471

***Proposed Commencement of Japan Center Garage Corporation Lease with 25% of Net Revenues Beginning 2002.**

**** Revenues are projected with a 3% increase per year from 2002 with a reduction of $65,000 from year 2003 due to lose in revenue from waterproof recoat construction.**

Bold figures represent improvements scheduled sooner due to availability of funds.

Prepared by: Steven Lee, DPT & Richard Hashimoto, JCGC

November 30, 2001

Item 3 - File 01-2116

Department: Department of Public Works (DPW)

Item: Resolution authorizing the Director of Public Works to execute an amendment to the Design Agreement to provide architectural and engineering services for the Laguna Honda Replacement Program by increasing the agreement amount by $22,300,283 from $7,599,717 to $29,900,000.

Amount: $22,300,283

Source of Funds: Tobacco Settlement Funds

Description: The Laguna Honda Replacement Program project would replace most of the existing facilities that make up the Laguna Honda Hospital and Rehabilitation Center and renovate the front wings of the existing Main Hospital Building at a total estimated cost of $401,600,000. The project includes: (a) demolition of all existing hospital facilities except for the front wings of the Main Hospital Building; (b) construction of four new hospital buildings; (c) construction of an assisted living facility; and (d) reconfiguration and expansion of the existing parking facilities at Laguna Honda Hospital. The renovated facilities would provide for (a) 1,200 hospital beds, or 135 more beds than the 1,065 existing hospital beds; (b) 140 assisted living beds (there are currently no assisted living beds at Laguna Honda Hospital); and (c) a total of 655 off-street parking spaces, or 52 spaces more than the existing 603 spaces.

Mr. Michael Lane of DPW, Project Manager for the Laguna Honda Replacement Program project reports that the $29,900,000 Design Agreement includes $6,743,481 which was previously appropriated for architectural and engineering services by the Board of Supervisors in June of 2000 (File 00-0772) and an additional $856,236 appropriated by the Board of Supervisors in the FY 2001-2002 budget, or a total of $7,599,717. Mr. Lane advises that the subject request for an additional $22,300,283 in funding required for the $29,900,000 Design Agreement

would be financed from Tobacco Settlement Funds[1] previously appropriated by the Board of Supervisors in the FY 2001-2002 budget. According to Mr. Lane, the proposed Design Agreement was awarded to Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects (Joint Venture) to provide all architectural and engineering services needed for the Laguna Honda Replacement Program. The Joint Venture, which was selected through a Request for Qualifications process, is comprised of 38 firms, including the two prime contractors, Anshen & Allen and Gordon H. Chong & Partners and 36 subcontractors. The original Joint Venture agreement was not subject to approval of the Board of Supervisors because the contract amount of $7,599,717 was less than $10 million. DPW is now requesting authorization to increase the current Design Agreement with the Joint Venture for architectural and engineering services by $22,300,283 from the previously authorized agreement amount of $7,599,717 to $29,900,000.

Budget: Attachment I, provided by DPW, contains a list of the contractors and subcontractors and their fees for the Design Agreement totaling $29,900,000. (See Comment No. 1)

Comments: 1. The DPW has not provided a budget with hours of service to be performed and hourly rates for the subject Design Agreement. Mr. Lane states that this agreement is not based on hourly rates and is instead based on lump sum amounts, which will be paid to the Joint Venture upon completion of specific project components. The Joint Venture will receive payments based on its satisfactory completion of its work and its compliance with deadlines for the requested architectural and engineering services

[1] As a result of lawsuits filed by the California Attorney General, City and County of San Francisco, and other California cities and counties, a settlement agreement was reached in November 1998 between the State Attorney General and the four major tobacco manufacturers, including Philip Morris, Inc. R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company which includes the payment of approximately $25 billion to the State of California over the next 25 years. In August of 1998, the California Attorney General entered into a Memorandum of Understanding (MOU) with the applicable California cities and counties to distribute one-half of any settlement from these lawsuits to those California cities and counties. Under the MOU, it is anticipated that the City and County of San Francisco will receive between $313,400,000 to $442,100,000 over 25 years, subject to certain adjustments.

performed. Attachment II, provided by DPW, provides further details on the agreement payment structure including specific project components, the amounts to be paid for each component, an explanation for the basis of the amounts being allocated for each project component and the benefits to the City of this method of contracting in lieu of requiring a stipulated number of hours based on hourly rates.

2. According to Mr. Lane, and as noted above, the total estimated project costs for the Laguna Honda Hospital Replacement Project is $401,600,000. A summary budget for the project is as follows:

Estimated Construction Costs	$289,860,000
Construction Contingency (7.5 percent)	21,740,000
Subtotal	$311,600,000
Professional Services & Fees	75,000,000
Assisted Living Matching Funds[2]	15,000,000
Total	$401,600,000

Attachment III, provided by DPW, contains additional cost details for this project. The funding sources for the $401,600,000 project as reported by DPW, are as follows:

General Obligation Bonds approved by the voters in the November of 1999 General Election	$299,000,000
Tobacco Settlement Funds (see Footnote No. 1)	100,000,000
Interest Earnings on Tobacco Settlement Funds	1,400,000
U.S. Housing and Urban Development (HUD) Grant for Assisted Living	750,000
HUD Grant for Temporary Plant[3]	450,000
	$401,600,000

[2] The $15,000,000 budgeted for Assisted Living Matching Funds is intended for a HUD approved project to include 140 assisted living beds in the proposed Laguna Honda Hospital Replacement Project. Currently, Laguna Honda Hospital does not provide any assisted living beds. Mr. Lane advises that the General Obligation Bond Measure required that $15,000,000 of bond proceeds be set aside for assisted living facilities. HUD has provided a grant of $750,000 for the project. Daryl Higashi of the Mayor's Office on Housing advises that staff of DPH and the Mayor's Office on Housing are analyzing the feasibility and cost impact of the project.

[3] Temporary Plant refers to temporary power generators and boilers, pending the completion of the permanent facilities.

Mr. Lane reports that the General Obligation Bonds, approved by the voters in November 1999 have not yet been issued pending finalization by DPW of a project and construction phasing plan for the Laguna Honda Replacement Project. Mr. Lane further reports that, to date, the City has received approximately $41 million of the estimated $100 million of Tobacco Settlement Funds to be used for the Laguna Honda Replacement Program.

Total estimated project construction costs, including $21,740,000 for a 7.5 percent Construction Contingency, for the project are $311,600,000. Mr. Lane advises that the total amount of the Design Agreement of $29,900,000, represents 9.6 percent of the total estimated construction costs of $311,600,000. According to Mr. Lane, the fixed fee type contract is standard for the industry. Mr. Lane, provides further detail on the cost of the Design Agreement in Attachment II. The Design Agreement in the amount of $29,900,000 is included in the $75,000,000 Professional Services & Fees in the summary budget above. The balance of $45,100,000 budgeted for Professional Services & Fees ($75,000,000 less $29,900,000) provides for expenditures for the Environmental Impact Report, permits, fees, construction management, inspections and the design to be performed in-house by DPW's Bureau of Architecture. Mr. Lane reports that in-house DPW design work will only be used for the renovation of the front wings of the existing Main Hospital Building and not for the design of the new buildings to be prepared by the Joint Venture.

3. Mr. Lane states that DPW initially entered into the Design Agreement with the Joint Venture for $6,743,481. The $6,743,481 was appropriated, including $3,371,740 placed on reserve pending selection of the Contractor for the Design Agreement, by the Board of Supervisors in June of 2000. Subsequently the Board of Supervisors released the $3,371,740 in May of 2001 after DPW had awarded the contract to the Joint Venture. The Board of Supervisors subsequently approved an additional $856,236 in the FY 2001-2002 budget, for a total current Agreement amount of $7,599,717. Of the $7,599,717 previously appropriated by the Board of Supervisors for architectural and engineering services for the Laguna

Honda Replacement Project, according to Mr. Lane, the DPW has expended \$6,516,695 as of November 30, 2001. This resolution would authorize DPW to increase the amount of the Design Agreement by \$22,300,283 to a total amount of \$29,900,000. According to Mr. Lane, the reason that only \$7,599,7171 was previously requested by DPW rather than the total \$29,900,000 Design Agreement amount, representing 9.6 percent of the estimated construction costs was because the design process has been performed in phases and the Joint Venture was required to complete the schematic plan before the DPW recommended increasing the Design Agreement to \$29,900,000.

4. Mr. Lane reports that DPW advertised the Request for Qualifications for the initial Agreement in the San Francisco Examiner, and that three firms responded to the Request for Qualifications: including (a) Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects, (b) Skidmore, Owens, Merrill (SOM)/Smith Group, and (c) Kaplan, McLaughlin, Diaz (KMD)/Gerson Overstreet. Attachment IV, provided by DPW, explains the criteria DPW used to evaluate proposals and why Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects was selected. Mr. Lane states that firms were not required to include cost estimates in their proposals, and as stated in Attachment IV, "Cost was not one of the evaluation criterion."

5. Mr. Lane reports that DPW retained an outside auditor to analyze the contractors and subcontractor costs in order to ensure compliance with Federal standards that may be required to receive Federal funds for the project in the future.

6. Mr. Lane advises that construction on the Laguna Honda Hospital Replacement Project is expected to begin in June of 2002 and that the project is anticipated to be largely functional in April of 2007 and fully completed by the year 2011. Mr. Lane explains that between 2007 and 2011 the last building containing 420 beds will be constructed and activated. The Assisted Living facilities would be completed by October of 2011.

Recommendation: Approve the proposed resolution.

13. SUMMARY OF PROPOSED MODIFIED CONTRACT SHOWING M/WBE PARTICIPATION

Attachment I

			NEGOTIATED CONTRACT			
	DISCIPLINE	FIRM NAME	NEGOTIATED CONTRACT	% MBE	% WBE	FIRM NAME
PRIME CONSULTANTS	ARCHITECTURAL	ANSHEN+ALLEN	$8,750,583			ANSHEN+ALLEN
		GHCP	$2,909,073			GHCP
	ARCHITECTURAL SUBCONSULTANTS	KODAMADIESNO	$249,622	0.83%		KODAMADIESNO
		POWELL	$500,015	1.67%		POWELL
		TSANG ARCHITECTURE	$939,881	3.14%		TSANG ARCHITECTURE
		AVIVA LITMAN-CLEPER ARCHS	$500,134		1.67%	AVIVA LITMAN-CLEPER ARCHS
		VAN DER RYHN ARCHITECTS	$137,681			VAN DER RYHN ARCHITECTS
SUBCONSULTANTS	STRUCTURAL	FORELL-ELSESSER	$882,857			FORELL-ELSESSER
		RUTHERFORD & CHEKENE, INC.	$994,347			RUTHERFORD & CHEKENE, INC.
		BELLO VENNARI	$631,315	2.11%		BELLO VENNARI
		ANSARI	$473,821		1.58%	ANSARI
	MECHANICAL	OVE ARUP	$1,810,519			OVE ARUP
		SJ ENGINEERS	$1,121,976	3.75%		SJ ENGINEERS
	ELECTRICAL	OVE ARUP	$937,072			OVE ARUP
		FW & ASSOCIATES	$588,755	1.97%		FW & ASSOCIATES
	CODE CONSULT	ROLF JENSEN & ASSOCIATES	$18,200			ROLF JENSEN & ASSOCIATES
	MEDICAL EQUIPMENT	GENE BURTON	$217,180			GENE BURTON
	HOSPITAL OPTS	FIRST CONSULTING GROUP(KAUFFMAN)	$73,108			FIRST CONSULTING GROUP
	FOOD SERVICE	CINI	$382,135			CINI
	LAUNDRY DESIGN	CINI/GIANCOLA	$71,396			CINI/GIANCOLA
		JONES ASSOC	$6,300	0.02%		JONES ASSOC
	COST & VE	HANSCOMB ASSOC	$508,640			HANSCOMB ASSOC
		M LEE CORP	$283,780	0.95%		M LEE CORP
	TELEMEDICINE	UC DAVIS TELEHEALTH	$0			UC DAVIS TELEHEALTH
	MATERIALS MGMNT	LERCH BATES	$41,000			LERCH BATES
		MATERIAL SOLUTIONS (J. BEAVER)	$15,000			*MATERIAL SOLUTIONS (J. BEAVER)*
	ELEVATORS	LERCH BATES	$64,590			LERCH BATES
	ACOUSTICS	CHARLES SALTER	$21,528			CHARLES SALTER
		TOWILL	$96,000			*TOWILL*
	GEOTECHNICAL	URS/DAMES MOORE	$401,617			URS/DAMES MOORE
		ROBERT CHEW GEO	$310,116	1.04%		ROBERT CHEW GEO
	CIVIL ENG	OLIVIA CHEN CONSULTANTS	$1,069,568	3.58%		OLIVIA CHEN CONSULTANTS
	LANDSCAPE	CHERYL BARTON**	$611,065		2.04%	CHERYL BARTON**
	INTERIORS	ORLANDO DIAZ-AZCUY DESIGNS	$19,640	0.07%		ORLANDO DIAZ-AZCUY DESIGNS
		KAI-YEE WOO ASSOC	$712,005	2.38%		KAI-YEE WOO ASSOC
		FOUGERON ARCHITECTURE	$213,000		0.71%	FOUGERON ARCHITECTURE
		TSANG ARCHITECTURE	$25,000	0.08%		TSANG ARCHITECTURE
		ANSHEN+ALLEN INTERIORS	$469,000			ANSHEN+ALLEN INTERIORS
		JS NOLAN	$55,375		0.19%	JS NOLAN
	TELCOM & IT	ARUP COMMUNICATIONS	$29,488			ARUP COMMUNICATIONS
		JV - VANTAGE & KC*				JV - VANTAGE & KC*
		VANTAGE	$109,093			VANTAGE (SUBSTITUTE FOR OVE ARUP)
		KC FUTURE PLANNING	$272,248		0.91%	KC FUTURE PLANNING, INC
	SECURITY	*GLOVER-RESNICK*	$130,340			*GLOVER-RESNICK*
	GRAPHICS	KATE KEATING ASSOC	$200,389		0.67%	KATE KEATING ASSOC
	HISTORICAL	PAGE & TURNBALL	$0			PAGE & TURNBALL
	TRAFFIC & PKG	CHS CONSULTING	$70,400	0.24%		CHS CONSULTING
	RENDERINGS	MARKUS LUI & ASSOC	$19,000	0.06%		MARKUS LUI & ASSOC
	MODELS	RATIO, INC	$38,000			RATIO, INC
	ADVISORY COUNCIL	LEIGHBROCK, GUYNES, BECKER, COHEN, KAYSER-JOHNS, PRUITT, CHUNG BRINGEWATT, RAISER	$72,000			LEIGHBROCK, GUYNES, BECKER, COHEN, KAYSER-JOHNS, PRUITT, CHUNG BRINGEWATT, RAISER
	ELITE REPROGRAPHICS		$100,000		0.33%	ELITE REPROGRAHICS
	DIRECT EXPENSES		$1,728,704			DIRECT EXPENSES
	ALLOWANCE		$17,444			ALLOWANCES
TOTAL CONTRACT			**$29,900,000**	**21.90%**	**8.11%**	

11/28/01

City & County of San Francisco
Laguna Honda Hospital Replacement Program

Willie Lewis Brown, Jr., Mayor
Mitchell H. Katz, MD, Director of Public Health
Edwin M. Lee Director of Public Works

December 6, 2001

Ms. Sarah Graham
Budget Analyst's Office

PROJECT: Laguna Honda Hospital Replacement Project

SUBJECT: Contract Modification #2
Anshen & Allen Architects/Gordon H. Chong & Partners, a Joint Venture
Contract Structure

Dear Ms. Graham:
This is in response to your questions regarding the structure of the Proposed Contract Modification #2 and the benefits to the City of this structure.

For a typical project, standard industry practice is for Architects to provide their services for a fixed fee, which is paid incrementally, in accordance with the terms of the contract, as the deliverables specified in the contract are provided. The underlying philosophy is that the risk of providing the deliverables should be borne by the entity better able to manage that risk: in this case the Architect. Because the scope of work for this project is so large, the initial phases of this contract (Interim and Modification #1) were done on a time and material basis. This allowed the Architect to complete to the Schematic Design Phase and develop a defined scope of work for the remaining design and construction related phases. With the remaining work defined, it was contemplated that the contract would be converted to a lump sum with the Architect bearing the responsibility for delivering the project within that stated sum.

This Proposed Contract Modification #2 follows the industry standard for contracting for Architectural services. Attachment 15 of my previous submittal includes a draft of the contract, which will be used for this modification. This draft was reviewed and approved by the City Attorney's office (Deputy City Attorney George Wong, 554-3942).

Section 1.1 of the Contract requires that the Architect perform complete design and construction-related services for the Project. Section 1.2 of the Contract specifies that the Architect is responsible for designing the project to a fixed budget, which is also specified in the contract. If construction bids come in higher, the Architect is required to redesign the project at their own cost, in order to meet the project budget.

Section 3.1 of the contract further specifies the Architects responsibilities. This includes securing all necessary permits and other local and State approvals. Section 3.2 specifies the deliverables required during the Design Phases of the contract: Schematic Design, Design Development and Construction Documents. Section 3.3 specifies the deliverables required during the Construction Phases of the contract: Construction Bid Phase, Construction Administration Phase and Warranty Phase. Attachment 7 of the Contract, Program Schedule (not included- see Monthly Report on the website) specifies the dates that the deliverables are required, for example, March 14, '02 for Design Development and November 14, 02 for Construction Documents.

For completeness, the Interim Contract and Modification #1 are included, as part of, the Proposed Contract Modification #2 (See Contract Section 2.20) and the terms of the Modification #2 apply to all work performed.

The Architect was requested to provide work plans so that the City could evaluate whether a sufficient level of effort was planned to justify the current cost. The work plans were evaluated to verify that all necessary tasks were addressed, that the appropriate staff were performing those tasks and that sufficient hours were allotted for the staff performing the tasks. The work plans will not be part of the contract and will not be used as a basis of invoicing. At the recommendation of the City Attorney's office, the draft contract is being modified to delete references to the Work Plan. I concur with this recommendation. The terms of the contract are binding for the fixed fee specified. Should additional work be required in order to meet the terms of the contact, over and above that indicated in the work plans, it is the Architects responsibility to perform that work at their own expense. By entering into this contract the Architect is agreeing to provide all services specified therein for the fixed fee.

The amounts for each of the design and construction phases will be specified in Section 4 of the Contract (currently not filled in). They are:

Schematic Design:	$ 7,599,717
Design Development:	$ 5,419,205
Construction Documents:	$10,113,720
Construction Bid Phase:	$ 1,218,575
Construction Administration Phase and Warranty Phase:	$ 5,548,783
TOTAL FEE	$29,900,000

These amounts were developed in negotiations with the Architect after the City reviewed their work plans and proposals. The total fee is within industry standards, for design and construction services for a new hospital when expressed as percentage of the estimated construction cost. A survey of architectural fees by the organization Guidelines, published in 1999, puts fees for the full range of services provided here, in the 9.5-13% range.
Section 4.1.5 spells out the schedule for making the payments for each of these phases.

The City benefits overall because the contract amount is reasonable given the level of effort required to perform the necessary design work and the Architect will bear all risk for any additional work required to complete the project with the financial resources available, as specified in the contract.

I trust that you will find this information sufficient. I can be reached at 759-4595 or by pager 207-5165.

Very truly yours,

Michael Lane
Program Manager

Attachments

cc: George Wong, Deputy City Attorney
Chron

#	Item	Baseline Budget	Previous Budget	Current Budget Revision 4	Variance	Reference Sheet #
1	Estimated Unescalated Cost	$197,732,386	$197,732,386	$197,732,386		Sheet 2
2	Escalation	$52,695,596	$52,695,596	$52,695,596		Sheet 2
3	Estimated Escalated Cost	$250,427,982	$250,427,982	$250,427,982	$0	
4	Design Contingency 5%	$9,886,619	$9,886,619	$9,886,619		Sheet 2
5	Estimated Costs at Bid	$260,314,601	$260,314,601	$260,314,601	$0	
6	Bid Contingency 7.5%	$19,523,595	$19,523,595	$19,523,595		Sheet2
7	Estimated Cost at Start of Construction	$279,838,196	$279,838,196	$279,838,196	$0	
8	Construction Contingency 7.5%	$20,987,865	$20,987,865	$20,987,865		Sheet 2
9	Construction Costs	$300,826,061	$300,826,061	$300,826,061	$0	Sheet 2
10	Program Contingency at 3%	$8,395,146	$11,130,454	$11,130,454		
11	Estimated Cost at End of Construction	$309,221,207	$311,956,515	$311,956,515	$0	Sheet 3
12	Estimated Professional Services	$77,378,794	$74,643,486	$74,643,486	$0	Sheet 4
13	Assisted Living Matching Funds	$15,000,000	$15,000,000	$15,000,000	$0	
14	**TOTAL BUDGET**	**$401,600,000**	**$401,600,000**	**$401,600,000**	$0	

ATTACHMENT A: APPROVED BUDGET AND ASSUMPTIONS

SHEET 3

DESCRIPTION OF CONSTRUCTION COSTS	Square Footage	Unit Price	Baseline Escalated Budget	Current Budget	Variance
Temporary Central Plant					
Temporary Services			$873,600	$3,530,400	$2,656,800
Haz Material Abatement			$1,112,000	$1,112,000	$0
Valley Structures Demolition			$1,112,000	$1,112,000	$0
Improve Site Entry			$546,000	$546,000	$0
Relocate MUNI Substation			$1,092,000	$0	($1,092,000)
New Hospital Foundations, Utilities, Steel	606,696	$42.00	$29,405,342	$29,405,342	$0
New Hospital Enclosure					
Hospital Program Areas	606,696	$236.25	$179,308,246	$179,308,246	$0
Permanent Central Plant	20,000	$726.00	$18,164,520	$16,599,720	($1,564,800)
Site Utilities, Walls & Landscaping			$9,382,500	$9,382,500	$0
Art & Tele/Data Systems	606,696		$19,808,004	$19,808,004	$0
Former Hospital Remodel					
Temporary Provisions	11,250	$25.00	$385,594	$385,594	$0
Cosmetic Renewal Only	74,691	$15.10	$1,603,780	$1,603,780	$0
Functional Remodeling	36,760	$138.00	$7,213,635	$7,213,635	$0
Gut & Rebuild with Abatement	32,018	$159.55	$7,264,247	$7,264,247	$0
Tele/Data Systems	134,611		$1,990,800	$1,990,800	$0
New Parking Development					
Haz Mat Abatement	338,000	$19.70	$9,987,900	$9,987,900	$0
Demolish Old Finger Wings	338,000	$8.00	$4,056,000	$4,056,000	$0
Parking and Road Construction			$10,500,000	$10,500,000	$0
Clarendon Site Preparation					
Haz Mat Abatement	113,000	$19.70	$3,074,244	$3,074,244	$0
Demolition and Site Clearing	113,000	$15.00	$2,340,795	$2,340,795	$0
			$309,221,207	$309,221,207	$0

ATTACHMENT A: APPROVED BUDGET AND ASSUMPTIONS

#	PROFESSIONAL SERVICES	Baseline Budget at End of Construction	Previous Budget	Current Budget Revision 4	Variance	COMMENTS
	Design Services					
1	Environmental Impact Report	$ 773,053	$766,000	$792,311	$26,311	See Sheet 5
2	Architecture/Engineering Design Services	$ 34,014,333	$31,600,000	$31,808,068	$208,068	See Sheet 6
3	Hazardous Materials Consultant	$ 3,092,212	$ 3,000,000	$ 3,000,000	$0	Estimated %
	Pre-Bond Costs - Weiss		$0	$ 23,509	**$23,509**	
	Pre-Bond City Labor Costs		$0	$ 1,500	**$1,500**	
4	Miscellaneous Consultants	$ 1,546,106	$777,486	$777,486	$0	Estimated %
	Construction Services					
5	Construction Management Services	$ 15,461,060	$ 15,000,000	$ 15,000,000	$0	See Sheet 7
	Testing & Permit Costs					
6	Special Inspection & Testing	$ 6,184,424	$ 6,000,000	$ 6,000,000	$0	Estimated %
7	Permits & Fees	$ 7,730,530	$ 7,500,000	$ 7,500,000	$0	Estimated %
	Pre-Bond Costs		$0	$ 21,336	**$21,336**	
	Management Services					
8	Program Management	$ 8,577,075	$ 8,500,000	$8,219,276.00	($280,724)	See Sheet 8
9	Public Art	$0	$0	$0	$0	In Construction Budget
10	Insurance	$0	$0	$0	$0	In Construction Budget
11	Activation	$0	$1,500,000	$1,500,000	$0	
12	**Total Costs**	**$ 77,378,794**	**$74,643,486**	**$74,643,486**	$0	

City & County of San Francisco
Laguna Honda Hospital Replacement Program

Willie Lewis Brown, Jr., Mayor
Mitchell H. Katz, MD, Director of Public Health
Edwin M. Lee Director of Public Works

May 10, 2001

Mr. Harvey Rose
Budget Analyst Office
Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Subject: RFQ for Architectural Services

Dear Mr. Rose:

The Architect for the Laguna Honda Replacement Hospital was selected through a competitive qualifications-based process. This is consistent with selecting professional services contractors. An RFQ was advertised in the paper on January 4, 2000 (CNS1758264). Invitations to participate were not sent out to individual firms. The Architect was required to have completed or have under construction, at a minimum, one $100M hospital, three $50M medical buildings, one master plan for a medical campus and one $20M City project. Similar qualifications applied to the major subconsultants. Three proposals were received on May 8, 2000.

The selection process included a technical screening, and a scored interview. Only teams who passed the technical screening would be invited for interviews. All three firms passed the technical screening. The selection was based on evaluation criteria which were included and explained in the RFQ. The evaluation criteria included the proposers' understanding of the project, their vision for the new hospital, additional experience beyond the minimum required, the organization of their team, availability to perform, quality control, cost control and project management procedures and experience dealing with the State regulatory agency for hospital construction. Cost was not one of the evaluation criterion.

An independent panel of seven people with health care background was selected to conduct the interviews and score the teams. Representatives of the Department of Public Works, the City Attorney's office and the Human Rights Commission, attended but did not participate in the interviews. Interviews were held on July 13, 2000.

The panelists scored each team independently and the scores were added up and the ranking of the teams released. In accordance with the Sunshine Ordinance, the panelists' names and their individual scores were also released.

After the protest period had past, negotiations began with the highest ranked firm: Anshen+Allen/Gordon Chong & Partners.

If you have any questions, please feel free to call me at 759-4595.

Sincerely,

Michael Lane

Michael Lane
Program Manager

375 Laguna Honda Boulevard, San Francisco, CA 94116
(415) 759-4583 Fax (415) 759-4584

Item 4 - File 01-2063

Item: Hearing on the Mayor's Budget instructions to City Departments for the FY 2002-2003 budget.

Description: On November 26, 2001 the Mayor and the Controller issued the "Mayor's Policy Instructions and Controller's Technical Instructions for Budget Year 2002-2003".

Consistent with a preliminary estimate provided in a joint report from the Controller, the Mayor's Budget Director and the Budget Analyst, the Executive Summary portion of the Mayor's Policy Instructions states that the Mayor's Office is currently projecting a $175 million budget shortfall for FY 2002-2003. This projected shortfall is due to: a) the anticipated $60 to $100 million decline from actual General Fund revenues received in FY 2000-2001 for the current 2001-2002 fiscal year; b) increased salary and fringe benefit costs due to approved Memoranda of Understanding with City labor organizations which will increase costs to the General Fund by an estimated $75 million; and, c) the expectation that the current Fiscal Year 2001-2002 year-end balance will be significantly less than the $148.7 million surplus from FY 2000-2001 used to fund this year's FY 2001-2002 budget.

The Mayor's Policy Instructions state that the Mayor is projecting no revenue growth over Fiscal Year 2001-2002 budget levels for the Fiscal Year 2002-2003 budget.

As a result of the budget factors described above, the Mayor is instructing City departments to prepare budget submissions that "*significantly reduce their General Fund subsidy in FY 2002-2003"*. Departments have been instructed to meet two goals:

1) Each department has been instructed to absorb all cost increases within their current year General Fund subsidy. These costs will include salary and fringe benefit cost increases, which are estimated to cost approximately 5.5 percent of current salary and fringe benefit budgeted expenditures, in Fiscal Year 2002-2003. These absorbed costs total approximately $75 million citywide, which is still less than the projected shortfall of $175 million.

2) Accordingly, departments have been instructed to submit, in priority order, additional budget reductions that would reduce each department's General Fund contribution by 10 percent. The Mayor's Budget Office notes that it will review the need to enact individual reduction proposals as the budget process progresses and the projections for Fiscal Year 2002-2003 are refined.

The table below details the critical dates for preparation and approval of the FY 2002-2003 budget included in the Mayor's Policy Instructions and Controller's Technical Instructions for Budget Year 2002-2003.

Major Budget Deadlines

Final Budget Preparation System submission to Controller	Wednesday, February 20, 2002
Program Expenditure & other Reports to Controller and Mayor	Wednesday, February 20, 2002
Controller's Submission to the Mayor	Friday, March 1, 2002
Preliminary Budget (based on Departmental Budget Submissions to the Mayor) sent to the Board of Supervisors	Monday, April 1, 2002
Mayor's Recommendation to the Board	Friday, May 31, 2002
Enactment of Interim Appropriation Ordinance – no later than	Sunday, June 30, 2002
Initial Board of Supervisors Budget Consideration – no later than	Monday, July 15, 2002
Final Budget Consideration – no later than	Wednesday, July 31, 2002

The remainder of the Mayor's Policy Instructions presents a summary of significant technical changes for the preparation of the FY 2002-2003 departmental budgets.

The Attachment to this report provides a copy of the Executive Summary of the Mayor's Policy Instructions and a Summary of Changes to the Departmental Submission Process.

II. MAYOR'S POLICY INSTRUCTIONS

A. EXECUTIVE SUMMARY

The Mayor's Office projects a $175 million budget shortfall in FY 2002-2003 given current spending levels. This projected shortfall is the result of three primary factors:

- In recent years, discretionary revenue growth has offset increased costs of performing City services – increased labor costs, non-salary inflation, and a growing population's demand for services. In the current year, discretionary tax revenues are expected to drop by $60 to $100 million below budgeted levels as a result of a slowing economy compounded by the terrorist attacks of September 11, 2001. Given a current year loss of this magnitude, we are projecting no growth over budgeted levels in the coming fiscal year.

- Labor costs are expected to rise by approximately $75 million versus the current year. This is primarily the result of known Memoranda of Understanding which provide for agreed to wage increases for the vast majority of City employees in FY 2002-2003. An additional workday in FY 2002-2003 and increased benefit rates account for a small portion of this increase.

- The current year's budget relies upon a starting balance of $148 million, a surplus generated in the prior year. Given the current year revenue loss of $60 to $100 million, our office assumes we will end the current year with a surplus substantially less than that of the prior year.

As a result of this projected shortfall, we are instructing departments to prepare budget submissions that significantly reduce their General Fund subsidy in FY 2002-2003.

- The target for each department will be calculated assuming that departments will absorb projected personnel cost increases for the upcoming fiscal year, an approximate 5.5% increase. These reductions should be loaded into the budget system as part of the February submission to the Controller's Office. Department performance measure goals for the coming fiscal year should assume these funding levels.

- The absorbed labor costs total approximately $75 million across all General Fund departments, less than the City's projected shortfall. Accordingly, each department is instructed to submit and prioritize additional expenditure reduction proposals that, if enacted, would reduce the department's General Fund subsidized budget by an additional 10%. Our office will weigh the need to enact individual proposals following the March submission date.

The Mayor's Office thanks you in advance for your careful review of the instructions that follow. In an effort to streamline reporting and analysis of departmental budget submissions, we have solicited departmental input on budget submission formats and have incorporated several key changes into this year's process.

Please submit **three** hard copies and one electronic copy of your budget proposal by Wednesday, **February 20, 2002.**

B. SUMMARY OF CHANGES TO DEPARTMENTAL SUBMISSION PROCESS

The Mayor's Budget Office has streamlined the process for submission of Budget Proposals for FY 2002-2003. This document highlights the major changes introduced this fiscal year, for ease of understanding and compliance by departments. For detailed descriptions of reporting requirement changes, please refer to the Section C. Budget Form Instructions directly.

Copies of all budget forms can be downloaded in Microsoft Excel format from the City's intranet site (http://citycenter.ci.sf.ca.us), or disk copies can be obtained by calling Pamela Levin at 554-7554.

OVERALL BUDGET FORM CHANGES:

Our office has eliminated three budget forms and modified the remaining four. To accommodate a decrease in revenues for FY 2002-2003, we have added three budget forms: 1) a Budget Reduction Detail Form, 2) a Budget Reduction Summary Form, and 3) a Revenue Generation Form.

Please review the instructions for each form carefully, as reporting and detail requirements for each form have changed.

ELIMINATED FORMS:

Vacancy Report Form Vacancy reports will now be compiled by the Mayor's Budget Office and the Controller's Office, as needed.

Work-Order Agreement and Summary Forms Work Order details should be reported by requesting departments by sub-object detail (Character 081) in the Program Expenditure Report. Performing departments can obtain summary statements of work-order requests from the Controller's Office.

Spending authority for work order departments is driven by the requesting departments. Performing departments should confirm that their budgeted work order amounts accurately reflect the work order submissions of requesting departments, via BPREP. If disagreements arise on work order amounts, the Mayor's Office will balance work order funds to the level of the requesting department.

UPDATED FORMS:

Department Budget Narrative The Department Budget Narrative should appear first in your budget submissions. Departments should model their narratives on the Mayor's Budget Book and should highlight program objectives and accomplishments, new and innovative programs, and performance indicators for the budget year.

Department Revenue Report Department revenues should continue to be reported by sub-object and program. Please note that column headings have changed: Prior year actuals are no longer required, and the form is set up to calculate variances.

Program Expenditure Report Expenditures should be reported by program and at the object level. Character 081 expenditures should be detailed at the sub-object level. All work order requests should be explicitly detailed in this category, since specific Work Order Request Forms have been discontinued.

Equipment Request Form Equipment requests should be prioritized by departmental importance and should include index codes, for more efficient tracking. Departments should review cost estimates for accuracy with their Purchasing Representatives.

NEW FORMS:

Budget Reduction Detail and Summary Forms Departments are expected to meet their targets in the budget system. In addition, the Mayor's Office has instructed departments to submit additional potential reductions. This form should reflect the additional potential reductions.

Revenue Generation Form Departments which collect revenues directly from the public or other users should review their current fee/fine structures to determine whether or not fee/fine increases are warranted, given current costs of services provided. Any revenue increases, upon review, certification, and approval by the Mayor's and Controller's Offices will be forwarded for the consideration of the Board of Supervisors later this fiscal year.

Item 5 - File 01-1765

Department: San Francisco International Airport (SFIA)

Item: Hearing concerning the impact of changing travel patterns and commerce on the economic condition of the San Francisco International Airport including the International Terminal and the impact on the Airport's revenue, expenses and major project plans.

Description: The Airport reports that their FY 2001-2002 budget totals $605,042,692[1]. The Airport is currently projecting a revenue shortfall of between $82.5 million and $102.8 million. The primary components of the revenue shortfall are (a) reduced airline landing fees ($15.9 million to $16.7 million), (b) reduced parking revenues ($30.1 million to $36.7 million), and (c) reduced concession revenues ($11.9 million to $15.1 million). Additionally, anticipated 2001-2002 surplus revenues of $17.5 million[2] will not be realized according to the Airport's current projections. Attachment 1 provides the Airport's summary revenue projections for FY 2001-2002.

The Airport attributes the projected revenue shortfall to reduced flight operations (i.e., total flight takeoffs and landings) and commensurate reduced passenger enplanements since September 11, 2001. Attachment 2 is a chart provided by the Airport that compares total flight operations by month for January through September of calendar year 2000 and calendar year 2001.

As can be seen in Attachment 2, the Airport has experienced reduced flight operations each month since January of 2001 in comparison to the prior year. For the eight-month period between January and August of 2001, total flight operations were 4.8 percent less than the same period in calendar year 2000. However, total flight

[1] The $605,042,692 is the total budget that the Airport uses for internal budgetary control purposes. This differs from the Annual Appropriation Ordinance total of $628,718,981 due to City Budget System adjustments according to Mr. Leo Fermin, Finance Director of the Airport.

[2] As shown in Attachment 1, the Airport's FY 2001-2002 budget, as adopted by the Board of Supervisors, included an appropriation of "use of surplus revenue" of $17,458,051 as a balancing source of funds. However, in FY 2001-2002, the Airport does not expect to realize such surplus because of a reduction in landing fee and rental revenues derived from the Airlines.

operations in September of 2001 were 23.3 percent less than September of 2000. Overall, for the nine-month period of January through September of 2001, total flight operations were 6.8 percent below the same period for calendar year 2000.

Attachment 3 shows daily figures for flight operations for the period of September 3, 2001 through November 28, 2001. As shown in Attachment 3, for the period of September 3 through September 9, 2001, the Airport reported an average of 1,189 flight operations per day. For September 14 through September 30, 2001, the average flight operations per day was 923 or 22.4 percent less than the 1,189 flight operations per day just prior to the events of September 11, 2002. Since September 30, 2001 flight operation activity remained at lower levels, averaging 957 per day for October 1 though October 31, 2001 and 941 for November 1 though November 28, 2001.

Airport revenues also rely heavily on passenger traffic. The Airport's FY 2001-2002 budget originally anticipated a projected reduction of 2.3 percent in total passenger enplanements[3], from 20,173,692 enplaned passengers in FY 2000-2001, to 19,700,000 enplaned passengers in FY 2001-2002. However, data provided by the Airport shows that in September of 2001, total enplaned passengers were 37.9 percent less than September of 2000. This trend continued through October of 2001, the latest month for which this data is available, which had 32.5 percent fewer enplaned passengers than October of 2000. Currently, the Airport is projecting that, for all of FY 2001-2002, enplaned passengers will total 13,900,000 or 29.4 percent less than the projection of 19,700,000 in enplaned passengers used in the formulation of the Airport's FY 2001-2002 budget.

In addition to Airport's projected reduced revenues of $82.5 million to $102.8 million, the Airport also reports estimated expenditure increases of $1.4 million for (a) Airport Police Services ($500,000), (b) increased risk insurance premium ($700,000) and (c) other security related costs ($200,000) as shown in Attachment 4. This

[3] Passenger enplanements are the total number of passengers boarding airline flights at the airport.

increased cost of $1.4 million adds to the projected reduced revenues of $82.5 million to $102.8 million for a total projected revenue shortfall of $83.9 million to $104.2 million.

Attachment 5 to this report summarizes the potential measures tentatively identified by the Airport to offset the total revenue shortfall of $83.9 million to $104.2 million. Such measures include:

- Operating Budget Reductions of $32.9 million to $46.0 million;
- "Capitalized Interest", whereby the Airport would issue short term debt in the form of Commercial Paper in order to meet FY 2001-2002 debt service requirements and reduce operating expenditures by $25.0 million;
- Additional Passenger Facility Charges[4] which could generate $15.8 million in additional revenue for FY 2001-2002; and,
- Defunding of Capital Projects and use of related accumulated interest earnings of between $5.0 and $10.0 million.

As shown in Attachment 5, if the above identified steps are taken, a projected remaining budget deficit of $5.2 million to $7.4 million would still remain and will need to be addressed.

Lastly, Attachment 6 provides the details of the potential Operating Budget Reductions of $32.9 million to $46.0 million as noted above. As shown in Attachment 6, the Airport currently anticipates a reduction of $7.7 million in the Airport's Annual Service Payment to the General Fund based on projected reduced concession and parking revenues. The Controller has previously reported that the projected $61.3 to $99.6 million General Fund revenue shortfall for FY 2001-2002 is partly made up of a reduction in the Airport's Annual Service Payment of between $8.0 million and $9.5 million.

[4] The Airport is currently collecting Passenger Facility Charge of $3.00 per enplaned passenger, as approved by the Federal Aviation Administration (FAA) and has an application pending with the FAA for an additional Passenger Facility Charge of $1.50 per enplaned passenger which would result in estimated increased revenue during the remainder of FY 2001-2002 of $15.8 million.

Management representatives of the Airport will be in attendance at the December 12, 2001 meeting of the Finance Committee to respond to questions.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield

Attachment 1

SAN FRANCISCO INTERNATIONAL AIRPORT
SUMMARY
Comparison of Appropriation Budget & Revised Revenue Forecast

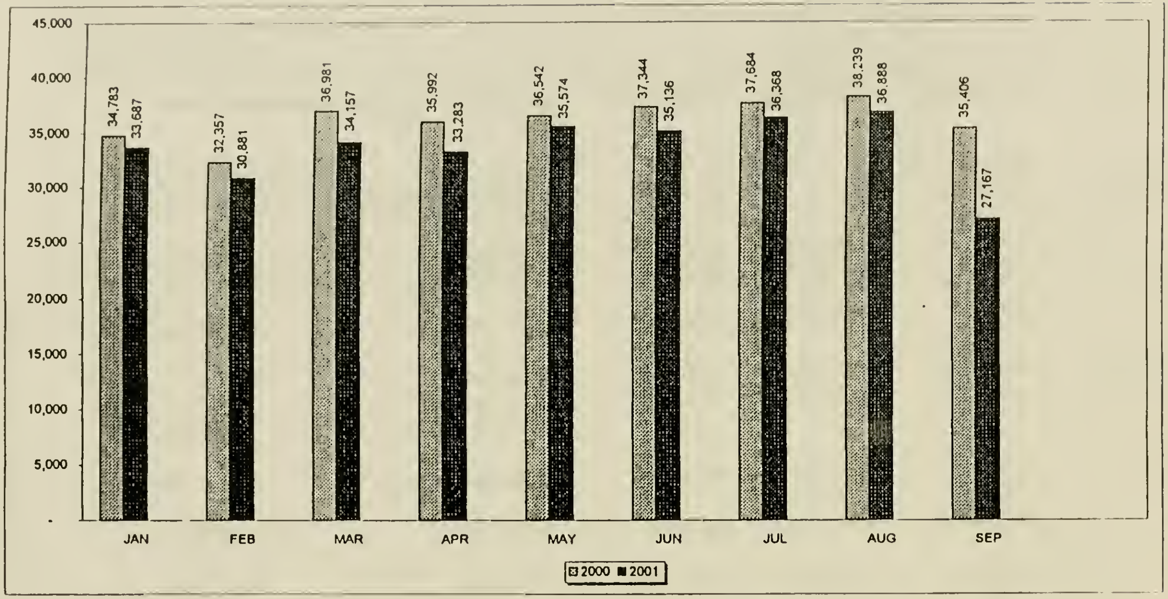
	FY 2001/02 Appropriation Budget**	FY 2001/02 Revised Revenue Forecast		Estimated Decline In Revenue*	
Landing Fees	$118,153,702	$101,481,000 -	$102,245,000	($16,672,702) -	($15,908,702)
Terminal Rentals	$183,060,041	$181,204,000 -	$181,586,000	($1,856,041) -	($1,474,041)
Interest	$26,045,000	$19,981,000 -	$21,261,000	($6,064,000) -	($4,784,000)
Concessions					
Parking	$82,089,000	$45,382,000 -	$51,927,000	($36,707,000) -	($30,162,000)
Concessions	$96,226,000	$81,118,945 -	$84,279,000	($15,107,055) -	($11,947,000)
Sales/Services	$26,816,000	$22,109,477 -	$24,054,000	($4,706,523) -	($2,762,000)
All Other Revenue	$54,505,870	$50,960,255 -	$57,226,000	($3,545,615) -	$2,720,130
Sub-total	$586,895,613	$502,236,677	$522,578,000		
Approp Budget Only-use of surplus	$17,458,051	$0	$0	($17,458,051) -	($17,458,051)
Adjustment to Phase D	$689,028	$0	$0	($689,028) -	($689,028)
TOTAL APPROPRIATION BUDGET	$605,042,692	$502,236,677 -	$522,578,000	($102,806,015) -	($82,464,692)

*Rounded to nearest hundred thousand

**HOS Approved Budget Phase D (includes Police and Fire)

Source: S.F. International Airport

SAN FRANCISCO INTERNATIONAL AIRPORT
ACTUAL FLIGHT OPERATIONS
JANUARY-SEPTEMBER (2001/2000)



Source: S.F. International Airport

SAN FRANCISCO INTERNATIONAL AIRPORT

NUMBERS OF FLIGHT OPERATIONS

SEPTEMBER 3 - NOVEMBER 28, 2001

Source: San Francisco Airport Commission, Fiscal Policies & Analysis

X:\Oparn\hourlydayO pr4

11/29/01 4 13PM

Source: S.F. International Airport

SAN FRANCISCO INTERNATIONAL AIRPORT

FY 2001/02 ESTIMATED OPERATING EXPENDITURE INCREASES
AS OF 12/02/01
for FY 2001/02 Appropriation Budget
(millions $)

	Low	High	Notes
SFPD-Airport	$0.5	$0.5	Additional Security Costs
Risk Insurance Premium	$0.7	$0.7	Issuance required, additional costs
Other Security Related Costs	$0.2	$0.2	Operations - Security related personnel/other costs
Total	$1.4	$1.4	

Source: S.F. International Airport

Attachment 5

SAN FRANCISCO INTERNATIONAL AIRPORT

FY 2001/02 FINANCIAL SCORECARD
for Appropriation Budget (as of 12/02/01)
(millions $)

Estimated Shortfall	Low	High
Revenue Shortfall	$ (82.5)	$ (102.8)
Incremental Operations & Maintenance Costs	$ (1.4)	$ (1.4)
Subtotal Shortfall	$ (83.9)	$ (104.2)
Gap Reduction Measures (Estimated)		
Operating Budget Reductions	$ 32.9	$ 46.0
Capitalized Interest	$ 25.0	$ 25.0
Use of Prior Year Surplus	Included in Revenue	Included in Revenue
Passenger Facility Charge	$ 15.8	$ 15.8
Defunding of Capital Projects and Interest Earnings	$ 5.0	$ 10.0
Federal Relief	$ -	$ -
Subtotal Options	$ 78.7	$ 96.8
Surplus/(Deficit) Carryforward (Estimated)	$ (5.2)	$ (7.4)

Source: S.F. International Airport

SAN FRANCISCO INTERNATIONAL AIRPORT

FY 2001/02 ESTIMATED OPERATING EXPENDITURE REDUCTIONS
AS OF 12/02/01
for FY 2001/02 Appropriation Budget
(millions $)

	Low	High	Notes
Salaries	$ 9.0	$ 9.0	Hiring freeze, reassignment of positions to non-operating budget funds-Salary Savings at 27% Assumes no additional SFPD personnel costs
Contractual Services	$ -	$ 10.0	High assumes recommended contract reductions can be fully implemented by contract managers
Light, Heat & Power	$ 8.0	$ 10.1	Assumes no new rate increase
Materials and Supplies	$ 1.0	$ 2.0	Restricted spending
Workorders	$ -	$ -	No savings are currently estimated.
Facilities Maintenance	$ 2.0	$ 2.0	Provides $900,000 in funding for FY01/02
Equipment	$ 1.5	$ 1.5	Freeze on equipment and vehicles
Small Capital Outlays	$ 3.7	$ 3.7	Provides $1 million allocation
Est. Reduction of Annual Service Payment	$ 7.7	$ 7.7	Based on projected concession revenues
Total Estimated Reductions	$ 32.9	$ 46.0	

Wednesday, December 19, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 10:19 a.m.

012159 **[San Francisco Water Alliance]**

Supervisor Leno

Hearing to consider the progress of the San Francisco Public Utilities Commission's contract revisions with the San Francisco Water Alliance.

12/3/01, RECEIVED AND ASSIGNED to Finance Committee. Supervisor Leno requests that this item be referred to the Finance Committee.

Heard in Committee. Speakers: Patricia Martel, General Manager, Public Utilities Commission; Leslie Abbott, International Federation of Professional and Technical Engineers, Local 21.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012190 **[2002 SFUSD General Obligation Bond Sale]**

Supervisors Ammiano, Peskin, McGoldrick, Leno, Maxwell, Newsom

Resolution authorizing and directing the sale of not to exceed $29,480,000 City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds, 1997 - San Francisco Unified School District), Series 2002_; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the official statement relating thereto; approving the form and execution of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

12/10/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Brad Benson, Legislative Assistant to Supervisor Ammiano; Theodore Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst; Tony Irons; Susan Leal, Treasurer; Supervisor Yee; Monique Moyer, Mayor's Office of Public Finance; Terence Abad, Chairman, Citizens Advisory Committee to San Francisco Unified School District for School Bonds; Nancy Wuerfel, Parkside for Dids Group; Dana Woldow (regarding Aptos Middle School); Caroline Grannan, 2nd District Parent Teacher Association; Roger Bazeley, Eileen Bogan, Sunset Parkside Education Action Committee; Dan Ryan, School of the Arts Task Force.

Amendment of the Whole bearing same title adopted. Amended. New Amendment of the Whole prepared in Committee.

(Supervisor Maxwell added as co-sponsor)

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012185 **[SFUSD not provide information regarding 2002 Bond funds]**

Supervisors Ammiano, McGoldrick, Leno, Maxwell

Ordinance amending the San Francisco Administrative Code by adding Section 10.19-4 to require specified City departments to notify the Board of Supervisors if the San Francisco Unified School District does not meet with or otherwise provide information about the 2002 bond proceeds, as agreed.

12/10/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Brad Benson, Legislative Assistant to Supervisor Ammiano; Theodore Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst; Tony Irons; Susan Leal, Treasurer; Supervisor Yee; Monique Moyer, Mayor's Office of Public Finance; Terence Abad, Chairman, Citizens Advisory Committee to San Francisco Unified School District for School Bonds; Nancy Wuerfel, Parkside for Dids Group; Dana Woldow (regarding Aptos Middle School); Caroline Grannan, 2nd District Parent Teacher Association; Roger Bazeley, Eileen Bogan, Sunset Parkside Education Action Committee; Dan Ryan, School of the Arts Task Force.

Amendment of the Whole bearing same title adopted. Amended. New Amendment of the Whole prepared in Committee.

(Supervisor Maxwell added as co-sponsor)

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance amending the San Francisco Administrative Code by adding Section 10.19-4 to require specified City departments to notify the Board of Supervisors if the San Francisco Unified School District does not provide quarterly written reports to the City on the status of the use of the 2002 school bond proceeds, as required, and to require the School District to provide the City with a written timeline and expenditure plans for each of the projects to be funded with 2002 bond funds prior to the appropriation of the bond funds in order to determine whether the appropriations of these bond funds are necessary and/or appropriate.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012028 **[Reserved Funds, Department of the Environment]**

Hearing to consider release of reserved funds, Department of the Environment (fiscal year 2001-2002 budget), in the amount of $15,000 for technical assistance on developing a Climate Change Action Plan for San Francisco. (Environment)

12/4/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Mark Weston, Environment Department. Release of reserved funds in the amount of $15,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012180 **[Extending Cooperative Agreement between the Treasure Island Development Authority and the U.S. Navy]**

Resolution approving and authorizing the Treasure Island Development Authority to enter into the 11th modification to the Cooperative Agreement with the Navy to extend the Cooperative Agreement to June 30, 2002 for an additional amount of Navy reimbursement not to exceed $145,000. (Mayor)

12/5/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Stephen Proud, Deputy Director, Treasure Island Development Authority.
Amended as follows:
On page 1, lines 5 and 7, and page 2, line 10, by replacing "June" with "September;"
On page 1, line 8, after "$145,000," and on page 3, line 5, after "resolution," by adding "retroactive to October 1, 2001;"
On page 1, line 8, by replacing "not to exceed" with "of;"
On page 1, line 5, and on page 2, lines 11, 12, 13, 21, 22 and 25, by replacing "11th" with "14th."

AMENDED.

Resolution approving and authorizing the Treasure Island Development Authority to enter into the 14th modification to the Cooperative Agreement with the Navy to extend the Cooperative Agreement to September 30, 2002 for an additional amount of Navy reimbursement not to exceed $145,000, retroactive to October 1, 2001. (Mayor)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012183 [Reserved Funds, Treasure Island Project]

Hearing to consider release of reserved funds, Treasure Island Project (fiscal year 2001-2002 budget), in the amount of $406,290 to fund the Citywide Management Classification/Compensation Plan (MCCP) for special assistants. (Mayor)

12/4/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the December 12, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Stephen Proud, Deputy Director, Treasure Island Development Authority.

Release of reserved funds in the amount of $67,715 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

ADJOURNMENT

The meeting adjourned at 1:11 p.m.

0.25

1/19/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

December 13, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: December 19, 2001 Finance Committee Meeting

Items 2 and 3 - Files 01-2190 and 01-2185

Departments: Mayor's Office of Public Finance
San Francisco Unified School District

Items: Resolution authorizing and directing the sale of not to exceed $29,480,000 of City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds 1997 – San Francisco Unified School District), Series 2002; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to the documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds (File 01-2190).

Ordinance amending the San Francisco Administrative Code by adding Section 10.19-4 to require specified City departments to notify the Board of Supervisors if the San Francisco Unified School District does not meet with or otherwise provide information about the 2002 bond proceeds (File 01-2185).

Amount: $29,480,000

Description: On June 3, 1997, San Francisco voters approved Proposition A, a $140,000,000 General Obligation Bond measure (1997 Educational Facilities Bonds) of which $90,000,000 was designated to provide funds for capital improvement projects for the San Francisco Unified School District. On November 10, 1997 the Board of Supervisors authorized the issuance of these bonds and on June 29, 1999, the City sold $60,520,000 of these General Obligation Bonds (the Series 1999B Bonds). The proposed resolution (File 01-2190) would authorize and direct the sale of the remaining $29,480,000 of these General Obligation Bonds (Series 2002).

The proposed ordinance (File 01-2185) would amend the City's Administrative Code to require the Facilities and Planning Department of the San Francisco Unified School District (School District) to meet with or provide information to the Budget Analyst's Office, the City's Public Finance Office, the Department of Public Works and the Controller's Office on a monthly basis in order to update these City departments and offices regarding the status of the use of the 2002 bond proceeds. If the School District does not meet with or provide such information to these four City departments and offices, these departments are required to notify the Board of Supervisors (See Comment No. 9).

The general provisions in the subject resolution regarding the sale of the subject $29,480,000 bonds are as follows:

- The bonds would be sold at an interest rate not to exceed 12 percent per year and would have a final maturity of no later than June 15, 2027.

- The Official Statement describing the proposed bonds would be available to all potential bidders for the bonds.

- The bonds would be awarded, through a competitive bid solicitation, to the bidder offering the lowest total interest cost to the City.

- The City Treasurer would establish a special Project Account for the subject General Obligation Bonds, Series 2002, separate and apart from all other City accounts. All interest earned on the deposits in this Project Account would be retained in the Project Account to be expended for the acquisition, construction and reconstruction of the School District's educational facilities.

- The City Treasurer is authorized to pay the costs of issuance associated with the bonds, from the proceeds of the sale of the bonds. The costs of bond issuance include printing, mailing and publication expenses, rating agency fees, agents, registrars, financial consultants and bond counsel fees and reimbursement of City departmental expenses in connection with the issuance.

- States the City's official intent to reimburse prior expenditures advanced by the School District which were incurred prior to the issuance and sale of the subject Bonds in connection with the projects to be financed by these Bonds.

- The proposed Series 2002 Bonds would be subject to the City's General Obligation Bond Accountability Reports (Article VIII of Chapter 2 of the City's Administrative Code). These provisions require that those government entities which are not part of the City (such as the School District), report detailed project descriptions, status of projects, specified bond proceeds and expenditures by project, and cumulative expenditures to the Treasurer, Controller, Clerk of the Board, Budget Analyst and Director of Public Finance prior to the appropriation of the Bond proceeds (See Comment No. 7).

As detailed in the December of 2001, Quarterly Report on the 1997 Proposition A Bond Funds, provided by Mr. Tony Irons of the San Francisco Unified School District, the proposed $29,480,000 School District Series 2002 Bonds would be used to provide 57 technology/electrical upgrades, 13 science laboratory upgrades, two new school buildings, one seismic upgrade, one children's center, major additions to Lowell High School and a new Dianne Feinstein (Parkside) Elementary School. Attachment I, which is included in the December of 2001 Quarterly Report, lists these 78 projects at 68 different schools (See Comment No. 10). This Quarterly Report also identifies the 114 School District projects which are either completed or in various stages of design and/or construction that were funded with the original $60,520,000 Series 1999B School District Bond funds, of the total $90,000,000 Proposition A Bond funds.

Comments:

1. According to Ms. Karen Ribble of the Mayor's Office of Public Finance, based on current market conditions, the subject bonds are anticipated to be sold at an overall interest rate of 5.12 percent, with principal and interest to be paid back over a period of 20 years. Ms. Ribble advises that the sale of the bonds is tentatively scheduled for the Spring of 2002. Under these conditions, it is estimated that the proposed $29,480,000 bond sale would result in a total debt service (from December of 2002 through June of 2022) of $48,370,145 including the principal amount of $29,480,000 and interest payments of $18,890,145, with an estimated average annual debt service over the estimated 20-year life of the bonds of $2,408,000.

2. According to Ms. Maureen Gannon of the Controller's Office, the proposed $29,480,000 Series 2002 School District Bonds would result in an increase in the Property Tax Rate of approximately $.0027 per $100 of assessed value. At that rate, the owner of a single-family residence assessed at $400,000 would pay approximately $10.61 in additional Property Taxes annually due to the issuance of these bonds.

3. Ms. Ribble states that the costs of selling $29,480,000 Series 2002 School District Bonds, including the fees for

outside bond counsel, financial advisors, printing, advertising, rating fees, services of the Mayor's Office of Public Finance, the Treasurer's Office, the Controller's Office, and the City Attorney's Office and a contingency are estimated to be approximately $200,000, or 0.7 percent of the total value of the bonds issued in the amount of $29,480,000. Attachment II provided by the Mayor's Office of Public Finance details these bond issuance costs.

4. The City's General Obligation Bond debt capacity is limited to three percent of the City's net assessed property value. According to Ms. Ribble, the City's total General Obligation debt capacity is currently $2,617,870,061 or three percent of the estimated net assessed property value of $87,262,335,367 for FY 2001-2002.

As of December 1, 2001, the City had $974,400,000 in outstanding General Obligation Bond Debt. The proposed resolution (File 01-2190) authorizes the sale of an additional $29,480,000 in General Obligation Bonds to finance capital improvements for the School District. If the proposed resolution is approved, the City will have $1,003,880,000 in General Obligation Bond Debt outstanding and $1,613,990,061 in General Obligation bonding capacity remaining. The City's bonding capacity varies from time to time as a result of paying off previously issued bonds, issuance of new bonds and changes in the City's assessed valuation.

5. The proposed resolution (File 01-2190) includes three unspecified dates regarding the subject Bonds maturity for allowing optional redemption of the Bonds. Ms. Ribble advises that the City Attorney's Office will be preparing an Amendment of the Whole, to be introduced at the December 19, 2001 Finance Committee Meeting, to identify these specific dates for allowing optional redemption of the Bonds.

6. Mr. Ed Harrington, the City's Controller advises that the Bond proceeds from the sale of the proposed $29,480,000 General Obligation Bond funds would be subject to separate appropriation approval by the Board of Supervisors.

7. The City's Administrative Code now requires that prior to the appropriation of the $29,480,000 in Series 2002 School District Bond proceeds, the School District must provide a Bond Accountability Report to the Treasurer, Controller, Clerk of the Board of Supervisors, Budget Analyst and the Director of Public Finance that provides details on the status of past and proposed expenditures with the Bond funds. As noted above, the proposed resolution reiterates this Administrative Code requirement for the School District. Ms. Teresa Alvarez of the City Attorney's Office advises that the School District Quarterly Report issued in December of 2001 is intended to meet the requirements of the Administrative Code regarding the Bond Accountability Report.

8. The Budget Analyst notes that, prior to the Quarterly Report on the 1997 Proposition A Bond Funds that was just issued by the School District on December 7, 2001, the last Proposition A Quarterly Report was issued by the School District in April of 2000, or approximately 20 months ago. While the distribution of these Quarterly Reports is not specified by law, in 1999, the Finance Committee of the Board of Supervisors requested, and the School District did not disagree to provide such Quarterly Reports to the Budget Analyst, the Mayor's Office of Public Finance and the Controller's Office. However, as noted, the School District failed to provide such Quarterly Reports to City departments and offices between April of 2000 and December of 2001.

9. The proposed ordinance (File 01-2185) would amend the City's Administrative Code to require School District representatives to meet with or provide information monthly to the Budget Analyst's Office, City's Public Finance Office, Department of Public Works and the Controller's Office regarding the status of the use of the 2002 Bond proceeds. If the School District does not meet with or provide such information, these City departments and offices are required to notify the Board of Supervisors.

The Budget Analyst believes that this ordinance could be strengthened with respect as to whether the School District would meet with or provide oral or written documentation on the status of the expenditure of the

Bond proceeds. Therefore, the Budget Analyst recommends that the proposed ordinance be clarified to specifically require written documentation on the status of each Bond project and the expenditure of the Bond proceeds for each project. In addition, given the length of time that is required to undertake and complete capital improvement projects, quarterly reporting, as was previously requested but not required, rather than monthly reporting, may be sufficient. The Budget Analyst therefore recommends that the proposed ordinance be amended to require that the School District provide written Quarterly Reports to the specified City departments and offices.

Furthermore, the Budget Analyst notes that the Board of Supervisors control over the School District's funding lies in the appropriation of the Bond proceeds. Once the Board of Supervisors appropriates all of the Bond funds to the School District, whether or not School District representatives meet with or provide information to designated City representatives, the Board of Supervisors would only be able to hold public hearings on the information provided, and, would not be able to withhold, reallocate or change any such appropriations, without rescinding the previous appropriations. Therefore, although it is not part of the subject resolution to authorize the sale of the Bonds or the subject ordinance, to require oversight of the School District expenditures, the Budget Analyst recommends that at the time that the School District requests appropriation of the subject $29,480,000 Bond proceeds, the School District provide detailed timeline and expenditure plans for each of the projects to be funded, such that the Budget Analyst could identify the specific funding needs for the School District on a quarterly basis. The Board of Supervisors could then review the School District's timelines and expenditure data to determine if it is necessary to appropriate all of the subject $29,480,000 Bond proceeds at one time.

10. As shown on the last page of Attachment I, of the $29,480,000 proposed 2002 Bond issuance, which was the original budgeted amount provided in a 1997 report to the Capital Improvement Advisory Committee (CIAC), and is the subject of the proposed resolution (File 01-2190), the School District has now budgeted $25,812,999 for these

same projects, or an estimated $3,667,001 less than was originally budgeted. Mr. Irons advises that all of the projects listed in Attachment I, to be paid with the subject Bond funds are the same as the projects identified in the original 1997 CIAC report. According to Mr. Irons, the $3,667,001 surplus in the budgeted costs is due to more precise estimates of the actual scope of work for each of the projects than was able to be done in 1997. Mr. Irons advises that if any surplus remains after all of the proposed 2002 Bonds projects are completed, the Board of Education will determine the allocation of these funds to specific projects in the School District.

In addition, Mr. Irons notes that the estimated interest earnings of $733,426 from the initial 1999 Bond projects that is included in the Quarterly Report may be underestimated. As of the writing of this report, Mr. Irons was reviewing these interest earnings estimates to determine the correct amounts. Mr. Irons advises that any additional interest earnings resulting from the previous and proposed Bond proceeds would need to be appropriated by the Board of Supervisors and would be added to any surplus remaining funds, to be allocated by the Board of Education.

11. According to Mr. Irons, in order to complete the identified projects with the proposed $29,480,000 of 2002 Bond funds, the School District must secure an estimated $19,010,354 of State of California Leroy Greene Modernization Program matching funds. As shown in Attachment III, the $19,010,354 of State matching funds would be used for six specific School District projects, including over $10 million of State matching funds for the completion of the Lowell High School renovation project. Mr. Irons advises that the State has already approved the matching funds for these six School District projects.

However, Mr. Irons reports that the State's approval for these six projects will expire on January 5, 2002, unless the School District enters into binding construction contract agreements for each of these six projects. According to Mr. Irons, the Board of Education has scheduled a Special Meeting for January 3, 2001 to authorize the approval of these six projects, which would enable the School District to expedite the process to enter

into binding construction contract agreements for each of these projects prior to the January 5, 2002 deadline. The Budget Analyst notes however, that as shown in Attachment III, these six School District projects are dependent upon an estimated $5,250,683 of the subject 2002 Bond funds, which have not yet been authorized to be sold or appropriated for their use by the Board of Supervisors.

The earliest that the Board of Supervisors will be able to meet to consider the proposed resolution and ordinance would be January 7, 2001, which is after the deadline for the State to award the matching funds. As previously noted, the proposed 2002 Bonds are anticipated to be sold during the Spring of 2002. According to Mr. Irons, since these items would not be heard by the Board of Supervisors prior to the Board of Education's action on January 3, 2001, in order for the Board of Education to approve the six School District projects on January 3, 2001, the Board of Education will need some "level of confidence" from the Finance Committee that the subject $29,480,000 of bonds will be sold, and subsequently appropriated. Alternatively, Mr. Irons reports that the School District would have to commit School District General Fund and other revenues, to pay for any differences in project costs.

The proposed resolution (File 01-2190) provides that the School District expects to advance its own funds to pay certain expenditures in connection with the projects to be financed by the subject bonds prior to the issuance and sale of the Bonds, and that the City intends to reimburse the School District for such prior expenditures from the proceeds of these Bonds.

Recommendations: 1. In accordance with Comment No. 5, approve the proposed Amendment of the Whole to the proposed resolution (File 01-2190) to identify the specific maturity dates for allowing optional redemption of the subject Bonds.

2. In accordance with Comment No. 9, amend the proposed ordinance (File 01-2185) to require that the School District submit written quarterly reports to the Budget Analyst, City's Public Finance Office,

Department of Public Works and the Controller's Office, instead of the current requirement to meet with or provide information to these City departments and offices on a monthly basis.

3. Approve the proposed resolution and ordinance, as amended.

4. In accordance with Comment No. 9, although it is not part of the subject resolution (File 01-2190) to authorize the sale of the Bonds or the subject ordinance (File 01-2185), to require oversight of the School District expenditures, the Budget Analyst recommends that, at the time that the School District requests appropriation of the subject $29,480,000 Bond proceeds, the School District provide detailed timeline and expenditure plans for each of the projects to be funded, such that the Budget Analyst can identify the specific funding needs for the School District on a quarterly basis. The Board of Supervisors could then review the School District's timelines and expenditure data to determine if it is necessary to appropriate all of the subject $29,480,000 Bond proceeds at one time.

PROPOSED 2002 BOND ISSUANCE

Project Costs

PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expenditures	Outstanding Encumbrances	STATUS
[illegible]		2	Abraham Lincoln HS	Science Lab Upgrade		130,402	130,402	0	130,402	Under Construction
				SUBTOTAL		130,402	130,402	0	130,402	
[illegible]		2	Alamo ES	Technology/Electrical		255,210	166,089	0	0	Under Design
				SUBTOTAL		255,210	166,089	0	0	
[illegible]		2	Alice Fong Yu (K-8) ES	New School Building		733,822	733,822	0	733,822	Close-Out Phase
				SUBTOTAL		733,822	733,822	0	733,822	
PA 03		2	Aptos MS	Technology/Electrical	LG	290,965	290,965	0	47,000	Awaiting Bid/Award
PA 04		2	Aptos MS	Science Lab Upgrade	LG	178,543	154,008	0	0	Awaiting Bid/Award
				SUBTOTAL		469,508	444,973	0	47,000	
[illegible]		2	Argonne CC	New School Building		716,273	716,273	0	716,273	Under Construction
				SUBTOTAL		716,273	716,273	0	716,273	
[illegible]		2	Balboa HS	Science Lab Upgrade		322,035	322,035	0	322,035	Close-Out Phase
PA 05		2	Balboa HS	Children's Center		333,333	333,333	0	0	Under Design
PA 06		2	Balboa HS	Seismic Upgrade		330,248	330,248	0	330,248	Close-Out Phase
PA 07		2	Balboa HS	Technology		557,097	557,097	0	557,097	Close-Out Phase
				SUBTOTAL		1,542,713	1,542,713	0	1,209,380	
[illegible]		2	Buena Vista ES ES	Technology/Electrical		25,285	25,285	0	25,285	Close Out Phase
				SUBTOTAL		25,285	25,285	0	25,285	
[illegible]		2	Burnett CC	Technology/Electrical		41,337	26,936	0	3,823	Under Design

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PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expenditures	Outstanding Encumbrances	STATUS
				SUBTOTAL		41,337	26,936	0	3,823	
1714		2	Chinese Education Center ES	Technology/Electical		17,620	17,620	0	17,620	Close-Out Phase
				SUBTOTAL		17,620	17,620	0	17,620	
1633		2	Claire Lilienthal (K-2) ES	New School Building		484,506	251,596	0	484,506	Close Out Phase
				SUBTOTAL		484,506	251,596	0	484,506	
2098		2	Commodore Sloat ES	Technology/Electrical		238,195	154,992	0	10,304	Under Design
				SUBTOTAL		238,195	154,992	0	10,304	
2040		2	Daniel Webster ES	Technology/Electrical		210,869	133,854	0	0	Under Design
				SUBTOTAL		210,869	133,854	0	0	
1580		2	Downtown HS	Science Lab Upgrades		23,239	23,239	0	2,533	Close-Out Phase
1715		2	Downtown HS	Technology/Electrical		21,195	21,195	0	3,013	Close-Out Phase
				SUBTOTAL		44,434	44,434	0	5,546	
1705		2	Dr. Charles R. Drew ES	Technology/Electrical		16,022	16,022	0	11,781	Close Out Phase
				SUBTOTAL		16,022	16,022	0	11,781	
1208		2	Dr. Martin Luther King MS	Technology/Electrical		232,024	247,980	0	247,980	Close Out Phase
				SUBTOTAL		232,024	247,980	0	247,980	
10106		2	Filipino Education Center CC	Technology/Electrical		132,791	87,021	0	2,208	Under Design
				SUBTOTAL		132,791	87,021	0	2,208	
PA 16		2	Francisco MS	Science Lab Upgrades	LG	223,684	223,684	0	79,770	Under Construction
PA 17		2	Francisco MS	Technology/Electrical	LG	426,963	174,801	0	0	Under Construction
				SUBTOTAL		650,647	398,485	0	79,770	
2041		2	Frank McCoppin ES	Technology/Electrical		220,369	143,716	0	0	Under Design

PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expend-itures	Outstanding Encumb-rances	STATUS
				SUBTOTAL		220,369	143,716	0	0	
1672		2	Galileo HS	Science Lab Upgrade	LG	377,549	377,549	0	0	Awaiting Bid/Award
PA 19		2	Galileo HS	Seismic Upgrade	LG	800,000	800,000	0	0	Awaiting Bid/Award
PA 20		2	Galileo HS	Technology/Electrical	LG	879,774	879,774	0	673,552	Awaiting Bid/Award
				SUBTOTAL		2,057,323	2,057,323	0	673,552	
10089		2	George Peabody ES	Technology/Electrical		191,697	125,016	0	0	Under Design
				SUBTOTAL		191,697	125,016	0	0	
1706		2	George Washington Carver ES	Technology/Electrical		134,103	134,103	0	134,103	Close Out Phase
				SUBTOTAL		134,103	134,103	0	134,103	
1580		2	George Washington HS	Science Lab Upgrades		115,138	115,138	0	115,138	Close Out Phase
				SUBTOTAL		115,138	115,138	0	115,138	
10105		2	Gordon J. Lau CC	Technology/Electrical		99,928	99,928	0	1,000	Under Design
				SUBTOTAL		99,928	99,928	0	1,000	
10090		2	Grattan ES	Technology/Electrical		227,536	148,389	0	9,801	Under Design
				SUBTOTAL		227,536	148,389	0	9,801	
[illegible]		2	Guadalupe ES	Technology/Electrical		119,359	180,553	0	120,378	Under Design
				SUBTOTAL		119,359	180,553	0	120,378	
1585		2	J. Eugene McAteer HS	Science Lab Upgrades		48,791	48,791	0	48,791	Close-Out Phase
				SUBTOTAL		48,791	48,791	0	48,791	
1704		2	James Denman MS	Technology/Electrical		82,908	82,908	0	61,328	Close Out Phase
				SUBTOTAL		82,908	82,908	0	61,328	
1716		2	James Lick MS	Technology/Electrical		46,664	46,664	0	46,664	Close Out Phase

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PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expenditures	Outstanding Encumbrances	STATUS
				SUBTOTAL		46,664	46,664	0	46,664	
[illegible]		2	Jefferson Annex CC	Technology/Electrical		82,098	52,586	0	5,579	Under Design
				SUBTOTAL		82,098	52,586	0	5,579	
[illegible]		2	John McLaren CC	Technology/Electrical		101,411	65,788	0	4,411	Under Design
				SUBTOTAL		101,411	65,788	0	4,411	
[illegible]		2	John O'Connell (M. Twain) HS	Technology/Electrical		160,000	152,943	0	9,227	Under Design
				SUBTOTAL		160,000	152,943	0	9,227	
[illegible]		2	John Swett ES	Technology/Electrical		208,423	133,576	0	9,021	Under Design
				SUBTOTAL		208,423	133,576	0	9,021	
[illegible]		2	Jose Ortega ES	Technology/Electrical		166,725	166,448	0	166,448	Close-Out Phase
				SUBTOTAL		166,725	166,448	0	166,448	
[illegible]		2	Junipero Serra Annex CC	Technology/Electrical		83,877	62,372	0	0	Under Design
				SUBTOTAL		83,877	62,372	0	0	
[illegible]		2	Lakeshore ES	Technology/Electrical		228,786	148,856	0	0	Under Design
				SUBTOTAL		228,786	148,856	0	0	
[illegible]		2	Lowell HS	New Building/Renovation	LG	4,642,273	4,642,273	0	622,931	Awaiting Bid/Award
				SUBTOTAL		4,642,273	4,642,273	0	622,931	
[illegible]		2	Luther Burbank MS	Science Lab Upgrades	LG	43,716	43,716	0	43,716	Close-Out Phase
				SUBTOTAL		43,716	43,716	0	43,716	
579		2	Marina MS	Science Lab Upgrades		103,705	140,779	0	140,779	Close Out Phase
[illegible]		2	Marina MS	Technology/Electrical		89,015	52,089	0	52,089	Close Out Phase

PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expenditures	Outstanding Encumbrances	STATUS
				SUBTOTAL		192,720	192,868	0	192,868	
[illegible]		2	McKinley ES	Technology/Electrical		219,369	142,715	0	9,492	Under Design
				SUBTOTAL		219,369	142,715	0	9,492	
[illegible]		2	Mission Annex CC	Technology/Electrical		51,374	51,374	0	2,900	Under Design
				SUBTOTAL		51,374	51,374	0	2,900	
[illegible]		2	Mission CC	Technology/Electrical		73,348	48,173	0	0	Under Design
				SUBTOTAL		73,348	48,173	0	0	
[illegible]		2	Mission Education Center ES	Technology/Electrical		129,055	129,055	0	1,607	Under Design
				SUBTOTAL		129,055	129,055	0	1,607	
PA 46	1542	2	New Traditions ES	Technology/Electrical	LG	90,917	44,118	0	0	Under Design
				SUBTOTAL		90,917	44,118	0	0	
[illegible]		2	Newcomer HS	Technology/Electrical		55,309	55,309	0	23,595	Close Out Phase
				SUBTOTAL		55,309	55,309	0	23,595	
[illegible]		2	Noriega CC	Technology/Electrical		101,411	64,673	0	12,672	Under Design
				SUBTOTAL		101,411	64,673	0	12,672	
[illegible]		2	Parkside ES	New School Building		9,881,806	8,291,937	0	440,121	Under Design
				SUBTOTAL		9,881,806	8,291,937	0	440,121	
[illegible]		2	Paul Revere & Annex ES	Technology/Electrical		34,503	78,067	0	61,071	Close Out Phase
				SUBTOTAL		34,503	78,067	0	61,071	
PA 17		2	Presidio MS	Science Lab Upgrades	LG	45,220	45,220	0	45,220	Under Construction
PA 18		2	Presidio MS	Technology/Electrical	LG	313,526	313,526	0	313,526	Under Construction

* Project matching fund for the State Leroy Greene Modernization Grants

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PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expenditures	Outstanding Encumbrances	STATUS
				SUBTOTAL		358,746	358,746	0	358,748	
[illegible]		2	Raoul Wallenberg HS	Technology/Electrical		94,343	106,182	0	32,699	Close Out Phase
				SUBTOTAL		94,343	106,182	0	32,699	
PA 21		2	Raphael Weill CC	Technology/Electrical		70,193	38,552	0	38,552	Close Out Phase
				SUBTOTAL		70,193	38,552	0	38,552	
[illegible]		2	Redding ES	Technology/Electrical		201,658	129,991	0	0	Under Design
				SUBTOTAL		201,658	129,991	0	0	
[illegible]		2	Robert Louis Stevenson ES	Technology/Electrical		226,536	147,389	0	9,801	Under Design
				SUBTOTAL		226,536	147,389	0	9,801	
[illegible]		2	S F Community Center ES	Technology/Electrical		30,360	30,360	0	28,631	Close Out Phase
				SUBTOTAL		30,360	30,360	0	28,631	
[illegible]		2	SOTA (at Louise Lombard) HS	Science Lab Upgrades		402,283	402,283	0	370,488	Under Construction
				SUBTOTAL		402,283	402,283	0	370,488	
[illegible]		2	San Miguel CC	Technology/Electrical		106,186	69,250	0	1,000	Under Design
				SUBTOTAL		106,186	69,250	0	1,000	
[illegible]		2	Sanchez ES	Technology/Electrical	LG	212,206	212,206	0	14,564	Awaiting Bid/Award
				SUBTOTAL		212,206	212,206	0	14,564	
[illegible]		2	Sarah B. Cooper CC	Technology/Electrical		75,734	75,734	0	4,384	Under Design
				SUBTOTAL		75,734	75,734	0	4,384	
[illegible]		2	Sherman ES	Technology/Electrical		273,465	174,059	0	2,999	Under Design
				SUBTOTAL		273,465	174,059	0	2,999	

PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expend-itures	Outstanding Encumb-rances	STATUS
[illegible]		2	Spring Valley ES	Technology/Electrical		200,828	130,623	0	0	Under Design
				SUBTOTAL		200,828	130,623	0	0	
[illegible]		2	Sutro ES	Technology/Electrical		220,369	143,715	0	0	Under Design
				SUBTOTAL		220,369	143,715	0	0	
10115		2	Theresa S. Mahler CC	Technology/Electrical		69,914	45,247	0	3,055	Under Design
				SUBTOTAL		69,914	45,247	0	3,055	
[illegible]		2	Thurgood Marshall HS	Science Lab Upgrades		0	84,401	0	84,401	Close Out Phase
				SUBTOTAL		0	84,401	0	84,401	
[illegible]		2	Treasure Island ES	Technology/Electrical		363,733	237,210	0	3,055	Under Design
				SUBTOTAL		363,733	237,210	0	3,055	
[illegible]		2	Tule Elke Park CC	Technology/Electrical		73,311	47,288	0	3,222	Under Design
				SUBTOTAL		73,311	47,288	0	3,222	
[illegible]		2	Ulloa ES	Technology/Electrical		266,199	173,603	0	12,466	Under Design
				SUBTOTAL		266,199	173,603	0	12,466	
[illegible]		2	West Portal ES	Technology/Electrical		31,262	31,262	0	31,262	Close Out Phase
				SUBTOTAL		31,262	31,262	0	11,262	
[illegible]		2	William H. De Avila ES	Technology/Electrical	LG	131,316	131,316	0	0	Awaiting Bid/Award
				SUBTOTAL		131,316	131,316	0	0	
[illegible]		2	Yick Wo ES	Technology/Electrical		238,761	155,709	0	11,734	Under Design
				SUBTOTAL		238,761	155,709	0	11,734	

Attachment I
Page 7 of 8

[illegible] State Leroy Greene Modernization Grants

PROJECT NUMBER	Combined Projects	Issuance	SCHOOL	DESCRIPTION	LG MOD *	1997 CIAC BUDGET AMOUNT	SERIES 2002 PROPOSED BONDS Budget	SERIES 2002 -- STATUS OF EXPENDITURES Actual Expend-itures	Outstanding Encumb-rances	STATUS
				Proposed 2002 Bond Issuance (SUBTOTAL)		29,480,000	25,812,999	0	7,553,173	

* Project matching fund for the State Leroy Greene Modernization Grants

Attachment II

Estimated Cost of Issuance Breakdown

Bond Counsel Fees	35,000.00
Financial Advisor Fees	35,750.00
City Staff	60,000.00
POS/OS Printing	14,000.00
Rating Fees [1]	25,750.00
Advertising (Bond Buyer and other)	3,000.00
Contingency	26,500.00
	200,000.00

[1] Moody's, S&P and Fitch

SB-50 - State Grant Projects

Project #:	Site:	Budget:	Bid Date:	Board:	OPSC:
10240	Aptos Middle Luster Baker Viliar	State: $2,339,337.00 Dist: $584,834.00 Total: $2,924,171.00	12/18/01	Dec. 01	1/4/02
10166	Hillcrest Elementary Estrella Cervantes	State. $1,718,774.00 Dist: $429,694.00 Total: $2,148,468.00	12/5/01	Dec. 01	1/4/02
10181	Burbank Middle Chapa Cervantes	State: $2,302,379 99 Dist: $575,595.00 Total: $2,877,974.00	12/11/01	Dec. 01	1/4/02
220	Sanchez Elementary Chapa Baker Viliar	State: $1,417,194.00 Dist: $354,298.00 Total: $1,771,492.00	12/18/01	Dec. 01	1/4/02
10249	De Avilia Elementary Estrella Deseno	State: $1,123,946.00 Dist: $280,986.00 Total: $1,404,932.00	12/11/01	Dec. 01	1/4/02
1590	Lowell High Luster ED2 International	State: $10,108,724.00 Dist: $3,025,276.00 Total: $13,134,000 00	Bid	Dec. 01	1/4/02
Totals:		*State: $19,010,354.00* *Dist: $5,250,683.00* *Total: $24,261,037.00*			

Item 4– File 01-2028

Department:	Department of the Environment (DOE) Public Utilities Commission (PUC)
Item:	Hearing to request release of reserved funds in the amount of $15,000 to be used by the Department of the Environment for technical assistance on developing a Climate Change Action Plan for the City
Amount:	$15,000
Source of Funds:	Public Utilities Commission funds work-ordered to the Department of the Environment, appropriated and reserved by the Board of Supervisors in the Department of the Environment's Fiscal Year 2001-2002 budget.

Description: The Board of Supervisors appropriated and placed on reserve $119,300 in the FY 2001-2002 budget of the DOE. The funds are for professional services to conduct energy projects, and were reserved pending submission to the Finance Committee of a) a specific description of the energy projects, b) selection of consultants to assist the DOE with energy planning, (c) the consultant's estimated hours and hourly rates, and (d) any other budget details. According to Mr. Mark Westlund of the DOE, the $119,300 in reserved funds were workordered from the PUC to the DOE in the FY 2001-2002 budget due to the DOE's expertise in providing energy conservation services for the City. Mr. Westlund reports that the $119,300 would be used to develop efficient uses of energy for environmental health, such as the optimal combination of solar, wind, and conventional power, and the amount of energy to be generated within the City boundaries to meet consumer demand.

Under the proposed request for release of the $15,000 in reserved funds, the subject funds would be used by the PUC, on behalf of the DOE, to fund professional services by a PUC consultant, Brown, Vence & Associates (BV&A) to complete the Climate Change Action Plan. BV&A specializes in energy and climate analysis. According to Mr. Fred Weiner of the PUC, the PUC's recently amended existing contract with BV&A includes the development of

a Climate Change Action Plan for San Francisco, also known as the Local Action Plan according to Mr. Weiner. BV&A was selected through a competitive Request for Proposal process. Mr. Westlund states that the Climate Change Action Plan is a step-by-step guide to reduce the City's overall contribution to global warming, and consists of the following five major components concerning greenhouse gas emissions: (1) creating an emissions inventory, (2) developing an emissions forecast, (3) setting emissions reduction targets, (4) devising measures to reduce emissions, and (5) creating an implementation plan to carry out the measures. According to Mr. Westlund, since power plants and other conventional sources of electricity are the significant producers of greenhouse gas emissions that contribute to global warming, a Climate Change Action Plan would assist the City in identifying the appropriate combination of alternative sources of energy, such as solar or wind, to maximize environmental health, through various analyses of greenhouse gas emissions.

Mr. Westlund reports that work on the Climate Change Action Plan was first initiated in 1998 by the PUC, and is currently 80 percent completed. To date, the PUC has expended approximately $40,000 in PUC staff hours, as appropriated in the annual budget, on the Climate Change Action Plan as detailed in Attachment I provided by Mr. Westlund. According to Mr. Westlund, the Climate Change Action Plan project was transferred from the PUC to the DOE for completion, but the PUC will contribute approximately 480 hours of staff time to the project during FY 2001-2002 at an estimated cost of $19,200, as shown in Attachment I. Mr. Westlund states that the project would be completed at a total cost of $60,700, as shown on Attachment I, including the subject requested release of $15,000 in reserved funds. Approval of this release of reserve of $15,000 would leave $104,300 remaining on reserve ($119,300 less $15,000).

Budget: A summary budget for the requested $15,000 workorder from the DOE to the PUC for work to be done by the consultant BV&A is as follows:

Consultant Task	Hours	Cost/Hr.	Total
Update calculations for baseline years' emissions inventory	20	$120	$2,400
Update forecast figures with current data	20	120	2,400
Quantify reduction target scenarios	20	120	2,400
Complete measures descriptions and estimates	45	120	5,400
Provide review and support on implementation plan	20	120	2,400
Total	125		$15,000

Comments:

1. Attachment II provided by Mr. Westlund, contains the details of the consultant tasks.

2. Mr. Westlund reports that the consultant services would be provided by BV&A as a result of BV&A's specialization in energy and climate analysis. According to Mr. Weiner, as previously noted, BV&A was selected by the PUC through a competitive Request for Proposal (RFP) process to provide technical assistance including energy and climate analysis for energy and environmental projects under a three year contract between January 1, 2001 and December 31, 2003, at a cost of $706,000.

The proposed consulting services to be provided by BV&A is estimated to require approximately 125 hours at $120 per hour, for a total cost of $15,000, as shown in the table above. According to Mr. Westlund, BV&A would complete its consultant tasks by May 30, 2002.

3. Attachment I provided by Mr. Westlund contains a total budget of $60,700 for the Climate Change Action Plan project including this subject request of $15,000.

4. According to Mr. Westlund, DOE will submit a separate request to the Finance Committee in January of 2002 for the balance of the $104,300 ($119,300 less $15,000) remaining on reserve.

5. Attachment III is a memo from Mr. Westlund stating that the DOE has not yet incurred any obligations regarding the proposed expenditure of $15,000.

Recommendation: Approve the requested release of reserved funds in the amount of $15,000.

Following are costs to date, and projected costs to the City to complete the Local Plan. Please note that staff costs are paid by PUC because PUC has assigned one employee to SF Environment to work on climate and energy-related issues that both departments have identified as necessary.

FY 1998-99 through FY 1999-2000	Approx 1,000 PUC staff hours/$40	$40,000
FY 2001-02	480 PUC staff hours/$40 per hour	19,200
FY 2001-02	Consultant services	15,000
	TOTAL	**$60,700**

Source: Department of the Environment

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

The consultant services can be broken down as follows:

Update calculations for baseline inventory

The first step to reducing overall emissions is to determine their sources, and to estimate the amount of emissions associated with each source. The plan will include an analysis or *inventory* of local greenhouse gas emissions produced by the City's own operations, as well as by the commercial and residential sectors. This inventory provides a baseline by which to compare progress.

Forcast figures with current data

The second step is to develop a "business as usual" forecast of future emissions. This shows where we are going and the costs associated with doing nothing, emphasizing the need for action.

-- more --

Quantify reduction target scenarios

The third step is to set a reduction target. Various countries and cities have set different targets (usually expressed as a percentage reduction from 1990 levels – based on the U.N. /Kyoto protocols). This sets a clear goal for the City to aim for.

Complete measures descriptions and estimates

The Plan devises and quantifies specific measures to reduce greenhouse gas emissions.

Fossil fuel consumption caused by the generation and use of electricity is a primary source of greenhouse gas emissions. Reductions here will be accomplished through energy efficiency measures in buildings including improved design and specification of efficient electric equipment and appliances; and by increasing the percentage of renewable electricity generation through development of wind and solar power.

In developing these measures, we will review existing City programs and other efforts that work to reduce greenhouse gas emissions, looking for potential improvements and expansions to, and coordination between these programs

Provide review and support on implementation plan

The fifth and final step is to create an implementation plan to carry out the measures described in the Local Action Plan. It will include specific budgets, time lines and assignment of responsibilities as well as indicators to help gauge success. We recognize that obtaining consensus between both the participants and other affected stakeholders is essential to the successful implementation of the Action Plan.

Department of the Environment, City and County of San Francisco
Telephone: (415) 554-6390 • Fax: (415) 554-6393 • 11 Grove Street, San Francisco, CA 94102
Email: Environment@ci.sf.ca.us • www.sfenvironment.com

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

MEMORANDUM

TO: Harvey Rose
FROM: Mark Westlund
DATE: December 13, 2001
RE: Brown Vence & Associates

This is to confirm that the Department of the Enviornment has not entered into any financial obligation with Brown Vence & Associates to date for work on the Local Climate Action Plan.

Department of the Environment, City and County of San Francisco
Telephone: (415) 554-6390 • Fax: (415) 554-6393 • 11 Grove Street, San Francisco, CA 94102
Email: Environment@ci.sf.ca.us • www.sfenvironment.com

Item 5 - File 01-2180

Department: Treasure Island Development Authority

Item: Resolution approving and authorizing the Treasure Island Development Authority to modify its Cooperative Agreement with the Navy in order to extend the Agreement to June 30, 2002 (see Comment No. 4) and to provide for an additional reimbursement of $145,000 payable by the Navy to the Treasure Island Development Authority.

Description: On May 2, 1997, the Board of Supervisors approved Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of Treasure Island and Yerba Buena Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City. On September 30, 1997, the Navy closed Treasure Island[1] as an active Naval Base. The California Legislature subsequently approved the Treasure Island Conversion Act of 1997, which designated the Treasure Island Development Authority as a trustee of the State Tidelands Trust and as the Redevelopment Agency for Treasure Island.

On October 1, 1997, concurrent with the operational closure of the Naval Base, the City entered into a Cooperative Agreement with the Navy, with approval from the Board of Supervisors, in which the City agreed to assume responsibility for the following caretaker services on Treasure Island: (1) operation and maintenance for the water, waste water, storm water, electric and gas utility systems on the Naval Base, (2) public health, security and safety services, (3) grounds and street maintenance and repair, and (4) property management. Subsequently, the Cooperative Agreement was modified, with the approval of the Board of Supervisors (File 98-1751), to make the

[1] All references to "Treasure Island" in the proposed Cooperative Agreement refer to the entire former Treasure Island Naval Station, which included the adjoining Yerba Buena Island.

Treasure Island Development Authority, rather than the City, the party to the Cooperative Agreement, and the Cooperative Agreement was extended for an additional one-year period, from October 1, 1998 to September 30, 1999 (coinciding with the Federal fiscal year). In 1999, the Board of Supervisors again approved an extension of the Cooperative Agreement, for the period from October 1, 1999 to September 30, 2000 (File 99-1970). In March of 2001, the Board of Supervisors approved a retroactive extension of the Cooperative Agreement, for the period from October 1, 2000 to September 30, 2001 (File 01-0372). According to Mr. Proud this is the fifth time the Department has requested Board of Supervisors approval to modify the Cooperative Agreement. Mr. Proud further states that this subject resolution is for the 14th modification because there have been other technical modifications made to the Cooperative Agreement which did not require approval of the Board of Supervisors, according to Mr. Proud. (See Comment No. 6.)

This proposed resolution would approve an extension to the existing Cooperative Agreement between the Navy and the Treasure Island Development Authority, for the one-year period from October 1, 2001 to September 30, 2002. The proposed extended Cooperative Agreement also provides for an additional Navy reimbursement to the Treasure Island Development Authority of $145,000.

For each of the prior four years of the Cooperative Agreement, as well as the proposed fifth year, the Navy agreed to reimburse the following amounts to the City to assist in funding the costs of providing the above described caretaker services at Treasure Island:

Year of Cooperative Agreement (based on Federal Fiscal Year of October 1 through September 30)	Amount of Reimbursements by Navy to the City
FY 1997-1998	$6,058,214
FY 1998-1999	4,000,000
FY 1999-2000	2,500,000
FY 2000-2001	145,000
FY 2001-2002 (Subject of this proposed request)	145,000
Total	$12,848,214

Mr. Stephen Proud of the Treasure Island Development Authority advises that under the original 1997 Cooperative Agreement, the Navy did not provide the Treasure Island Development Authority with a written schedule of annual reimbursement amounts and has not submitted such a schedule to date.

However, Mr. Proud stated that the Treasure Island Development Authority was advised by the Navy that the Navy reimbursements would be reduced on an annual basis and that the elimination of all such reimbursements, of Navy funding would eventually occur as the Treasure Island Development Authority increased the amount of property it leased from the Navy.

The proposed amount of $145,000 to be reimbursed by the Navy to the Treasure Island Development Authority for FY 2001-2002 would be the identical amount of the reimbursement received from the Navy for FY 2000-2001.

According to Mr. Proud, it is the Navy's policy to fund only those services which the Navy itself would perform on a closed Naval Station. Mr. Proud advises that the amount of the above annual reimbursements, provided to the Treasure Island Development Authority by the Navy, was established by the Navy and was based on the estimated costs for the Navy to provide the services and

was not based on the estimated costs of the City. According to Mr. Proud, in executing the Cooperative Agreement with the Navy, and based on advice from the Navy, the Treasure Island Development Authority understood that the Navy would be decreasing its annual reimbursement: (a) as the City moved closer to acquiring full ownership of Treasure Island, which Mr. Proud advises is expected to occur by the end of calendar year 2002, and (b) as the Treasure Island Development Authority leased additional areas of the former Naval Base from the Navy for revenue generation purposes. Mr. Proud advises that, in past years, the Treasure Island Development Authority has offset the annual reductions in monies reimbursed by the Navy with increased revenues derived from rentals on Treasure Island.

Treasure Island's FY 2001-2002 budget, as finally approved by the Board of Supervisors, totals $9,481,055. The source of funds supporting these expenditures include Property Rentals of $6,211,435 and Interdepartmental Recoveries of $3,269,620 consisting of a) Fire Department sublease payments of $1,800,000 for a training facility used by the Fire Department; b) Sheriff's Department sublease payments of $269,620 for the Treasure Island Brig used by the Sheriff's Department; and, c) Police Department sublease payments of $1,200,000 for a training facility to have been used by the Police Department.

However, in July of 2001, the Finance Committee disapproved a proposed sublease agreement between the Police Department and the Treasure Island Development Authority. Disapproval of that sublease therefore reduced the Treasure Island Development Authority's total funding sources by $1,200,000 from $9,481,055, to $8,281,055.

Comments:

1. Mr. Proud reports that through negotiations, the Navy had agreed to make one last annual reimbursement to the City of $145,000 for Federal Fiscal Year 2000-2001. Subsequently, according to Mr. Proud, the Treasure Island Development Authority negotiated an additional reimbursement payment to be made by the Navy of

$145,000 for Federal Fiscal Year 2001-2002 which is to be the last Navy reimbursement according to Mr. Proud.

2. Mr. Proud advises that the $145,000 to be provided for Federal Fiscal Year 2001-2002 would serve as a funding source for the FY 2001-2002 Treasure Island budget. However, the Treasure Island Development Authority would not be required to request approval of the Board of Supervisors in order to expend such revenues since these revenues will be used for previously approved expenditures included in the Treasure Island Development Authority's FY 2001-2002 budget.

3. As previously noted, the Agreement would extend the existing Cooperative Agreement between the Navy and the Treasure Island Development Authority for the one-year period from October 1, 2001 to September 30, 2002. Mr. Proud advises that the Treasure Island Development Authority did not obtain approval from the Board of Supervisors to extend the Agreement prior to October 1, 2001 because the Navy had advised the Treasure Island Development Authority that no reimbursements would be provided by the Navy for caretaker services for FY 2001-2002. Therefore, the Treasure Island Development Authority delayed final approval of the proposed extended Cooperative Agreement in order to negotiate the subject payment of an additional $145,000 reimbursement from the Navy for the period of October 1, 2001 to September 30, 2002. Therefore the proposed resolution should be amended to provide for retroactivity to October 1, 2001.

4. The proposed Agreement is to be extended for one year which would make the expiration date September 30, 2002 and not June 30, 2002 as stated in the proposed resolution. Therefore, the proposed resolution should be amended to state that the Agreement would expire on September 30, 2002, and not June 30, 2002, thus correcting language in the title and body of the resolution stating that the proposed Agreement would expire on June 30, 2002.

5. Although the title of the subject resolution states the modification of the Cooperative Agreement is for an amount "not to exceed $145,000," Ms. Eila Arbuckle of the

Treasure Island Development Authority reports that the amount of the modification is exactly $145,000. Therefore, the title of the resolution should be amended to delete the words "not to exceed."

6. Although the title of the subject resolution states that the subject modification of the Cooperative Agreement is the 11th modification, Mr. Proud reports that the subject modification is the 14th modification. Therefore, the title of the resolution should be amended to change the word "11th" to instead say "14th."

Recommendations:

1. Amend the proposed resolution to state that the proposed Cooperative Agreement with the Navy will expire on September 30, 2002, and not on June 30, 2002, thereby correcting language in the title and body of the resolution, in accordance with Comment No. 4 above.

2. Amend the proposed resolution for retroactivity to October 1, 2001, in accordance with Comment No. 3 above.

3. Amend the proposed resolution to delete the words "not to exceed" in the Title of the resolution, in accordance with Comment No. 5 above.

4. Amend the proposed resolution to change the word "11th" to the word "14th," in accordance with Comment No. 6 above.

5. Approve the proposed resolution, as amended.

Item 6 - File 01-2183

Department: Business and Economic Development, Treasure Island Development Authority

Item: Hearing to consider release of reserved funds, Treasure Island Development Authority (Fiscal Year 2001-2002 budget), in the amount of $406,290 representing six months of Salaries and Fringe Benefits for Treasure Island staff.

Description: In the FY 2001-2002 budget, the Board of Supervisors appropriated and placed on reserve $406,290 for salaries and fringe benefits for Treasure Island. The amount of $406,290 represents 50 percent, or six months, of the Treasure Island Development Authority's Salaries and Fringe Benefits for 12 Special Assistant positions. As listed in the attached memo (Attachment I), provided by the Treasure Island Development Authority, the Department has twelve full-time Special Assistant positions, including six positions covered by the Municipal Employees Association (MEA). The six Special Assistant positions covered by MEA have been provisionally reclassified to new management classifications under the Citywide Management Classification/Compensation Plan, effective July 1, 2001. (See Comment No. 3)

Mr. Stephen Proud of the Treasure Island Development Authority, states that the Department of Human Resources (DHR) reviewed the Treasure Island Special Assistant positions as part of the review of the Management Classification/Compensation Plan (MCCP). Ms. Ana Borja of DHR advises that DHR is currently conducting a classification study of all Business and Economic Development Department positions, including the 12 Special Assistant Treasure Island Development Authority positions (six positions covered by MEA plus six non-MEA positions). Ms. Borja states that the six classifications that are not represented by the MEA are currently being reviewed by DHR and that DHR will have completed preliminary classification recommendations for those non-MCCP positions by mid-January. Ms. Borja further advises that those Treasure Island Development Authority Special Assistant positions included in the

MCCP have been included in the review of the MCCP as have all applicable Special Assistant positions in City departments.

Comments:

1. Attachment I, provided by the Treasure Island Development Authority, provides details on the 12 Special Assistant budgeted positions. According to Ms. Arbuckle, and as listed in the Attachment, the Treasure Island Development Authority currently has two vacant positions: (a) one 1367 Special Assistant VIII, and (b) one 1368 Special Assistant IX.

2. Treasure Island's FY 2001-2002 budget, as finally approved by the Board of Supervisors, totals $9,481,055. The source of funds supporting these expenditures include Property Rentals of $6,211,435 and Interdepartmental Recoveries of $3,269,620, consisting of: a) Fire Department sublease payments of $1,800,000 for a training facility used by the Fire Department; b) Sheriff's Department sublease payments of $269,620 for the Treasure Island Brig used by the Sheriff's Department; and, c) Police Department sublease payments of $1,200,000 for a training facility that would have been used by the Police Department.

However, in July of 2001, the Finance Committee disapproved a proposed sublease agreement between the Police Department and the Treasure Island Development Authority. Disapproval of this sublease agreement therefore reduced the Treasure Island Development Authority's total sources of funds by $1,200,000 from $9,481,055 to $8,281,055.

Ms. Arbuckle reports that revised revenue projections show a $942,301 net decrease in expected revenue for the Treasure Island Development Authority, which is due to the loss of the Police Department sublease revenues in the amount of $1,200,000, a revenue reduction of $271,197 in commercial rentals, offset by a net increase in other revenues of $528,896. According to Ms. Arbuckle the Treasure Island Development Authority is working on efforts to reduce expenditures to offset the lost revenue, including a reduction in the cost of Fire Department services as discussed on the following page.

Attachment II includes a budget projection provided by the Treasure Island Development Authority. As shown in Attachment II, Treasure Island's original budget included revenue of $9,481,055 and current revenue projections of $8,538,754. The resulting revenue deficiency of $942,301 is offset by projected reduced expenditures of $293,856 (original budgeted total expenditures of $9,481,055 as approved by the Board of Supervisors, less projected actual expenditures of $9,187,199 as listed in Attachment II) for a net budget shortfall $648,445 ($942,301 in reduced revenues less $293,856 in reduced expenditures).

Treasure Island's FY 2001-2002 budget includes work order expenditures of $4,154,001 for Fire Department Services provided on Treasure Island. According to Ms. Anne Marie Conroy, Executive Director of the Treasure Island Development Authority, Treasure Island has concluded that, based on an analysis of Fire Department dispatches from the Treasure Island and regulations under the Tideland's Trust (Burton Act) that govern the use of Treasure Island revenues, the Treasure Island Development Authority is preparing a proposal to reduce the assessment of Fire Department costs to be funded by the Treasure Island Development Authority. Ms. Conroy adds that the City Attorney is currently preparing a memorandum on this issue and that Treasure Island will be submitting a proposal to the Board of Supervisors in January of 2002 to reduce Treasure Island expenditures for Fire Department services on Treasure Island. According to Ms. Conroy, Board of Supervisors approval of such a proposal would eliminate the projected Treasure Island net budget shortfall of $648,445 and make funds available for other purposes.

The Budget Analyst notes that a decrease in funding from Treasure Island for Fire Department services will require increased costs from the General Fund for such Fire Department expenditures unless there is a reduction in the Fire Department's budget for such expenditures.

3. As stated in the Budget Analyst's report for File 01-1818, heard by the Finance Committee on December 12, 2001, the Board of Supervisors, placed a reserve of

$15,260,220 in the FY 2001-2002 budget of 36 City Departments to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 former Special Assistant positions included in the MCCP. The Finance Committee released one month of salaries for the MCCP reserve, pending completion of negotiations between the City and MEA at its meeting of December 12, 2001 (File 01-1818).

The Budget Analyst therefore recommends the release of one month of Salaries and Fringe Benefits for the Treasure Island Development Authority positions, or $67,715, with the balance of $338,575 for five months Salaries and Fringe Benefits remaining on reserve, pending the presentation to the Board of Supervisors of the Treasure Island Development Authority's plan for the reclassification of the six non-MEA positions and the results of negotiations between the City and MEA and the completion of the review of all MCCP positions including the six Treasure Island Development Authority positions covered by the MEA.

Recommendations:

1. Approve the release of $67,715, representing one month of Salaries and Fringe Benefits of $406,290, as discussed in Comment No. 3 above.

2. Continue to reserve $338,575 pending the presentation to the Board of Supervisors of the Treasure Island Development Authority's and Department of Human Resources plan for the reclassification of non-MEA positions and the results of negotiations between the City and MEA and the completion of the review of all MCCP positions as discussed in Comment No. 3 above.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

MEMORANDUM

December 11, 2001

TO: Budget Analyst
Attn: Sarah Graham

FROM: Treasure Island Development Authority
Eila Arbuckle, Finance Manager

RE: **12/19/01 Finance Committee Hearing on Request to Release Reserved Salary Budget**

Release of Reserves

At the time of FY02 budget approval, the Board of Supervisors Finance Committee placed one half of Treasure Island's salary budget, $406,290, on reserve. Actual permanent salary expenses through 12/31/01 are projected to be $397,129, and through 6/30/02 are projected to be $401,101. This will result in a total FY02 permanent salary expense of $798,230 if no changes are made.

Through 12/31/01

Class	Grade	Step	Annual	Budget 6 months	Actual 6 months
0943	0943C	7+	155,565	77,783	77,783
0933	0933C	6	105,456	52,728	52,728
0931	0931C	6	91,078	45,539	45,539
0922	0922C	6	78,702	39,351	39,351
0922	0922C	4	71,370	35,685	35,685
0922	0922C	3	67,964	33,982	33,982
1369	06455	5	67,314	33,657	33,657
1368	*06295*	*5*	*62,270*	*31,135*	18,162
1367	*06145*	*5*	*57,878*	*28,939*	0
1366	05995	2	37,622	18,811	18,811
1363	05555	5	43,420	21,710	21,710
1363	05555	3	39,442	19,721	19,721
TOTAL			878,081	439,041	397,129

Through 6/30/02

Class	Grade	Step	Budget Annual	6 months	through 12/31/01 + through 6/30/02	
0943	0943D	7+	158,676	79,338	157,121	
0933	0933D	6	107,562	53,781	106,509	
0931	0931D	6	92,924	46,462	92,001	
0922	0922D	6	80,262	40,131	79,482	
0922	0922D	4	72,800	36,400	72,085	
0922	0922D	3	69,316	34,658	68,640	
1369	06495	5	68,640	34,320	67,977	
1368	*06335*	*5*	*63,494*	*0*	18,162	*VACANT*
1367	*06185*	*5*	*58,994*	*0*	0	*VACANT*
1366	06035	2	47,398	23,699	42,510	
1363	05595	5	54,860	27,430	49,140	
1363	05595	3	49,764	24,882	44,603	
TOTAL			924,690	401,101	798,230	

Please see attachment 1 for brief position descriptions.

Classification Changes

As part of the FY 01 budget submission from the Authority to the Mayor's Budget Office, a request was made to have two positions reclassified to reflect a substantial increase in responsibilities. Concurrent with the budget process, the Authority received approval from the both the Mayor and from Department of Human Resources (DHR) for the reclassifications. However, when the FY 01 budget was submitted to the Board for consideration, the position changes were not included as anticipated. Therefore, the FY01 budget did not include two positions whose reclassifications had been approved by the Mayor prior to the start of the fiscal year while the paperwork processing was underway. This issue is limited to two positions: Authority Secretary and Leasing Specialist and Project Administrator as set forth below. In an effort to correct this, the Authority again requested reclassification of the two positions as part of its FY02 budget. However, at the FY 02 budget hearings, the Board denied the reclassifications and placed 1/2 of the Authority's salaries on reserve pending the DHR Director's review of all special assistant positions.

TI's FY02 budget submittal also sought to provide correct position classifications to meet TI's needs for the forthcoming fiscal year. The following paragraphs briefly describe the changes in classifications included in TI's FY02 budget submittal.

Facilities Manager/Deputy Director: On May 10, 1999, Mayor Brown authorized a position change for the TI Facilities Manager. Hired as a 1374 in July 1998, the incumbent was promoted to a 1376 because of the increased responsibilities that accompanied his designation as Deputy Director. Pursuant to the Citywide Management Classification/Compensation Plan (MCCP) for all special assistants as prepared by the Director of Human Resources, this position was classified as 0933C on July 1, 2001. The incumbent Deputy Director died in April 2001 leaving the 1376 position open.

Development Director/Deputy Director: On July 1, 2000, a 1372 position was transferred from the Mayor's Office of Economic Development (MOED) to TI and was promoted by Mayor Brown to a 1373 position. On July 1, 2001, the incumbent became Deputy Director and assumed the open 1376 position, subsequently reclassified by DHR as a 0933.

Authority Secretary/Leasing Specialist: Hired as a 1366 (assistant to executive director) in January 1998, the incumbent was promoted to a 1367 by Mayor Brown on 5/10/99 because of a significant increase in her assigned responsibilities. In the FY00 budget, the incumbent was placed in a new 1368 slot but was paid as a 1367. On July 1, 2000, Mayor Brown authorized a reclassification of the position to a 1372 when the incumbent became Authority Secretary/Leasing Specialist. For FY02, the incumbent Pursuant to the Citywide Management Classification/Compensation Plan (MCCP) for all special assistants as prepared by the Director of Human Resources, this position was classified as 0922C on July 1, 2001.

Project Administrator: Hired as a 1366 on 6/1/99, Mayor Brown authorized a position change for the incumbent to a 1372 for FY01 to reflect substantially increased responsibilities assumed by the incumbent. As noted earlier, the change was not included in the budget submitted to the Board by the Mayor's Budget Office. Thus, the Treasure Island FY01 budget provided a 1366 slot for a 1372 incumbent. For FY 02, the incumbent was placed in a vacant 1372 position made available by the departure of the Special Projects Manager. Pursuant to the Citywide

Management Classification/Compensation Plan (MCCP) for all special assistants as prepared by the Director of Human Resources, this position was classified as 0922C. The 1366 position remains in the budget.

Revenue Projections & Loss of Police Lease Revenue

Attachment 2 is a spreadsheet showing TI's FY02 approved budget and revised revenue projections. This shows:

- A decrease of $271,197 in projected revenues from commercial leasing (index code 210018). This decrease is attributable to the loss of the Nash Bridges television series as a tenant (the program was cancelled).
- A decrease of $50,000 in projected revenues from TI film permits (index code 210019) also attributable to the loss of Nash Bridges.
- An increase of $25,000 in projected revenues from marina operation (index code 210021) due to increased activity.
- An increase of $557,119 in projected revenues from TI housing due to release of additional housing units.
- A decrease of $1,208,749 in projected interdepartmental recovery to reflect the loss of the police department lease.

These revised revenue projections result in a decrease to TI's revenue budget of $942,301.

Balancing the Budget

In addressing the loss of a major tenant (Nash Bridges) TI has sought to increase revenues and to incur as few expenses as possible. We were able to increase commercial revenues by increasing the lay-down space for one Bay Bridge contractor and are actively soliciting other Bay Bridge contractors for temporary use of TI space and facilities. However, our major focus has been to limit all expenses. It should be noted, however, that the Authority is in the process of finalizing a report to the Finance Committee which determines, from a legal standpoint, what expenses (i.e., Fire) can be paid by a Tidelands Trust property. As such, the Authority is of the opinion that at least one half of assessed fire costs are not attributable to the Trust property and should be borne by the general fund, thus, substantially reducing TI's Expense Budget.

Status of the RFQ

The Authority has completed the RFQ process and is currently preparing a Request for Proposal (RFP) for distribution. The Authority expects to receive the response to the RFP by mid-summer and make a final determination regarding master development at that time.

Questions regarding the Cooperative Agreement were sent under separate cover.

Attachment 1, 12/11/01

CLASS (Current)	CLASS (FY02 BUDGET REQUEST)	POSITION DESCRIPTION
0943	Manager XII	Executive Director responsible for overall project strategy and management, external communications
0933	Manager IX	Deputy Executive Director & Development Director responsible for directing reuse planning activities including supervision of acquisition negotiations, reuse planning, EIR preparation, management of Marina development negotiations
0931	Manager VII	Finance Manager responsible for budget preparation, management of accounting activities, and preparation of contracts
0922	Manager V	Commission Secretary & Leasing Specialist responsible for commission scheduling and agenda, and manages commercial tenant, housing, and cellsite leases
0922	Manager V	Port Operations Manager responsible for use permits for piers, barge rentals and emergency planning, ferry service planning, supports Development Director with marina leases and marina development issues; staff for TI Citizens Advisory Group

0922	Manager V	Project Administrator responsible for office management including telephone and telecommunications services, equipment maintenance, staff management, liaison to the Mayor's office for personnel matters, assistant to Finance Manager for accounting transactions
1369	1369	Special Events Coordinator responsible for scheduling use of event venues, event venue maintenance, issuance of special event use permits, and film permits
1367	1367	Assistant to Executive Director (person who held this position in FY00 as a 1367 was promoted to Commission Secretary/Leasing Specialist) incumbent in position is paid as a 1363 (tx'd down)
1363	1363	Assistant to Deputy Executive Director, coordinates maintenance activities with DPW
1363	1363	Receptionist; handles incoming telephone calls, faxes, mail login and distribution, greets visitors to office, allocates use of conference rooms and maintains inventory of office supplies, orders office supplies

FY 2001-2002

Treasure Island Development Authority	FY02 BUDGET	
	CURRENT	ORIGINAL
TOTAL NET REVENUES	8,538,754.00	9,481,055 00
TOTAL REVENUES LESS RECOVERY	6,477,883.00	6,211,435.00
Misc. Revenues (210009)	761.00	0.00
TI Special Events Revenues (210016)	400,000.00	400,000.00
YBI Special Events Revenues (210017)	4,765.00	0.00
TI Commercial Revenues (210018)	613,777.00	884,974.00
TI Film Permit Revenues (210019)	10,000.00	60,000.00
YBI Film Permit/ Cellsite Lease Revenues (210020)	125,000.00	125,000.00
Marina Revenues (210021)	35,000.00	10,000.00
TI Housing Revenues (210022)	4,868,580.00	4,311,461.00
YBI Housing Revenues (210023)	420,000.00	420,000.00
	3,269,620.00	3,269,620.00
(LESS POLICE LEASE)	-1,208,749.00	
NET REVENUES LESS NET EXPENSES	-648,445.00	293,856.00
TOTAL EXPENSES	9,187,199.00	9,187,199.00
TOTAL PERSONNEL	975,331.00	975,331.00
TOTAL NON PERSONNEL/NON CITY DEPTS	1,946,689.00	1,946,689.00
TOTAL SERVICES CITY DEPARTMENTS	6,265,179.00	6,265,179.00